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A SURVEY OF EXECUTIVE OPINION

Alberta
INDUSTRY AND COMMERCE

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Executive Report - 1974
... a survey of executive opinion

Alberta

INDUSTRY AND COMMERCE

March, 1974

FOREWORD

Alberta's economic prospects as expressed in this report reflect the opinions of over 300 executives heading prominent Alberta business enterprises.

This report is the seventh in a series of publications projecting Alberta's economic future. The objective of this series is to assist Alberta executives in planning for 1974 and beyond.

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Attention: Mr. D.T. Munroe, Economist

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THE ALBERTA ECONOMY IN PERSPECTIVE

In recent economic forecasts a view continuously expressed is how the uncertainty present in the market place make it extremely difficult to forecast economic activity for 1974 and beyond. This uncertainty results from a series of events demonstrating how radically expectations are subject to change at any given moment. Although most economists would agree that 1973 was a year of substantial economic growth, it was also the year when the term "crisis" became popular.

Internationally, 1973 was characterized by events which, while not seriously upsetting the economic performance in Canada during 1973, will most definitely have an effect in 1974. 1973 was the year of the "international monetary crisis" that witnessed a devaluation of the U.S. dollar and the subsequent floating of the world's major currencies; a world "commodity crisis", where prices of basic raw materials soared, due to world supply shortages; and mounting inflation in almost all the leading industrial nations resulting in the imposition of wage and price control policy in both Great Britain and the United States. Finally, when President Nixon raised U.S. oil import quotas in January, few people recognized the early sign of what was to become known as the "energy crisis"..

On the positive side, the past year saw the long-awaited entry of Great Britain into the European Common Market; the relaxation of trade restrictions in Japan; renewed international negotiations on monetary and

trade reform through the International Monetary Fund (I.M.F.) and General Agreement on Tariffs and Trade (G.A.T.T.) meetings; and possibly most important, the United States experienced a surplus in its balance of payments, the first since 1968.

The impact of these events has considerably altered the short-term economic outlook of most industrial nations and directly contributed to the uncertainty which at present prevails.

At the end of 1972, for instance, real growth in the U.S. Gross National Product (G.N.P.) was higher than at any time during the previous ten year period. The prospect was for continued real growth in 1973 of between 6 and 7 percent and the outlook for 1974 also appeared encouraging. By June, 1973, expectations changed considerably because of production capacity limitations. Some economists were predicting a further deceleration in 1974. Finally, at the end of 1973, the forecast for 1974 varied from a negative 1 percent to as much as a 3 percent increase, depending as to how effective energy conservation policies would be and when the Arab oil embargo would end.

Economic forecasts for Canada for 1973 and 1974 also varied considerably during this last year. The initial forecast for Canadian real economic growth for 1973 stood at between 6 and 6.5 percent, up from the 5.5 percent expected in 1972. However, on the basis of performance in the first quarter of 1973, this initial forecast was revised upwards to approximately 7 percent. The first indication for 1974 was for a rate of growth of

between 6 and 7 percent. By June the forecasts for 1974 were lowered to 5.5 percent, in November it was 5 percent, and by January of 1974, Finance Minister Turner predicted between 4 and 5 percent. This was still considered somewhat optimistic by some analysts such as Wood Gundy Ltd. who predicted a real growth rate for 1974 of about 3.8 percent. Although it is difficult to predict what the actual outcome will be, it is expected that Canada will experience an economic slowdown in 1974.

The Canadian economy in 1973 also displayed the highest rate of inflation in more than twenty years. The Federal Government attempted to lessen the pressure with its 1973 budget by lowering tariffs and excise duties, lowering corporate income taxes, and creating various food subsidy programs. In addition, the Central Bank also tried to lessen the inflationary rate and stabilize the economy by increasing the bank rate five times, from 5 1/4 percent in April to 7 1/4 percent by September. However, prices continued to escalate in 1973 due primarily to international forces. Thus inflation became the number one economic issue in 1973, and will likely remain the predominant problem to face in 1974.

Economists have also been confronted by a new set of rules to govern the prediction of future economic activity. In the past, the main factor in causing an economic slowdown was a slackening of demand. In times of economic growth, it always seemed possible for the economy to generate additional production. Today, as we enter 1974, economists foresee an economic slowdown predicated on supply constraints which will not be overcome

in the short-run due to capacity limitations in almost all industries, plus the uncertainty associated with the increasing role of all levels of government in the affairs of business.

The growth in the world's major economies during 1972 and 1973 resulted primarily from rising consumer, business and government expenditures. In 1974 economic growth will largely be a function of business capital investment. This will depend ultimately on the expectations of the supply of raw materials, the demands of labour, inflation, and the activities of all levels of government. It is for this reason that the results of this year's "Survey of Executive Opinion" are of such significance.

This report presents the results of the annual "Survey of Executive Opinion" conducted by Alberta's Department of Industry and Commerce. Included is a review and forecast of economic conditions as reported by senior business executives and representatives of Chambers of Commerce and municipalities in the Province of Alberta.

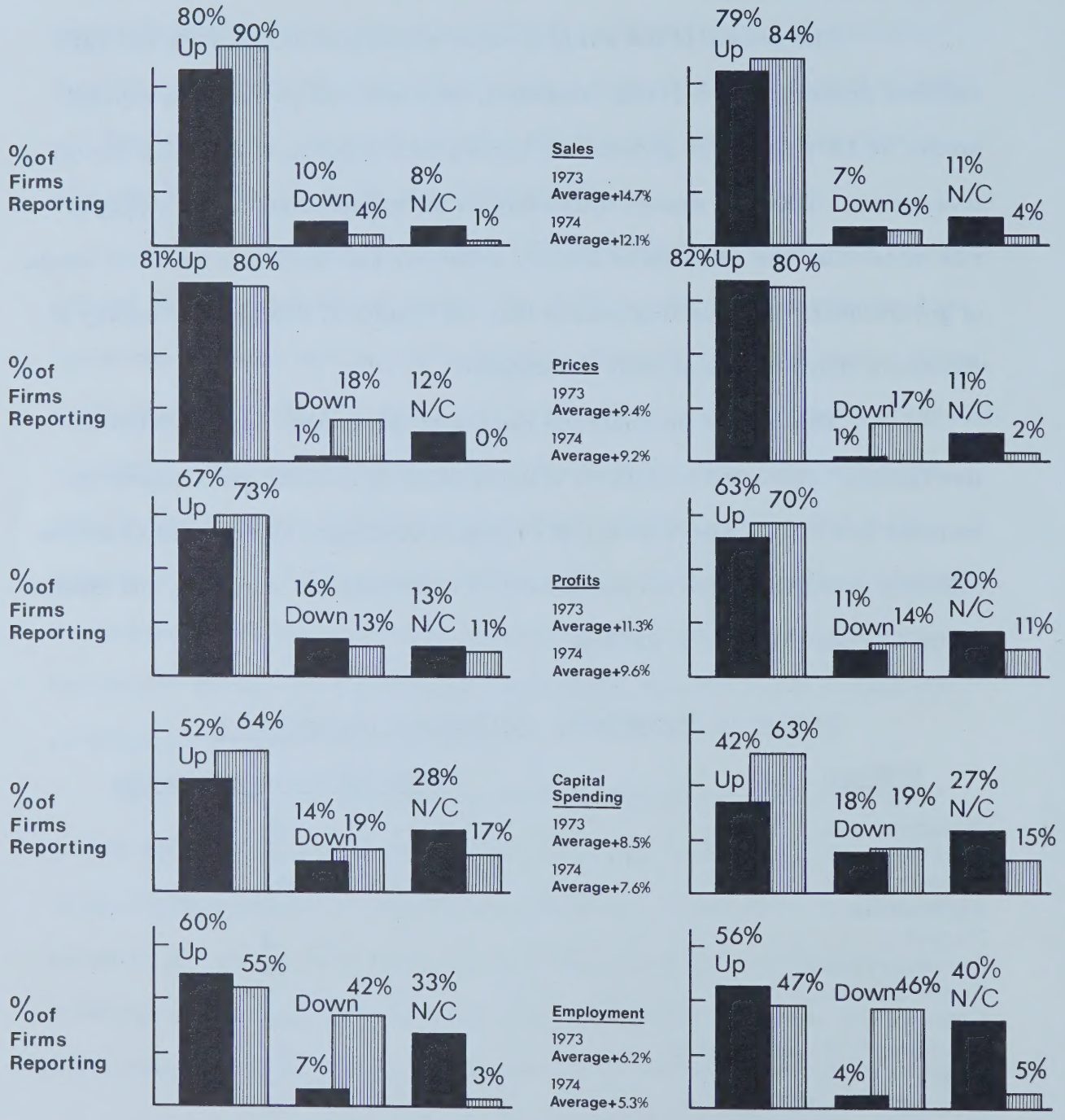
Number of Respondents - By Industry Classification

Industry	Number of Firms Responding
Manufacturing	76
Mining	63
Construction	34
Agriculture	21
Forestry	4
Transportation	19
Communication	7
Utilities	4
Investment, Finance, etc.	22
Trade	52
Recreation and Travel	12
Chambers of Commerce and Associations	16
Total Response	330

Prospects for '74

1973 Review

1974 Outlook



Figures are expressed as percent of total Alberta replies.

a survey conducted for Alberta only.

a survey conducted by "The Financial Post" for all of Canada.

PROSPECTS FOR 1974

The results of the 1974 "Survey of Executive Opinion" indicate that 1973 was a year of impressive economic growth in Alberta. The majority of the respondents expect a slight moderation however, in the growth rate for 1974, based on the difficulty in securing adequate supplies of raw materials, a slowing consumer demand brought on by resistance to rising prices, and the uncertainty created by the present positions of both the federal and provincial governments on energy policy.

The results of the Alberta survey are presented on page 8 along with the results of a similar survey conducted for all of Canada published by The Financial Post in late 1973. While The Financial Post survey and the Alberta Executive Survey are not directly comparable because of minor differences in methodolgy, they do indicate similar trends. In both cases, the results indicate that in Alberta and Canada compared to 1973, some slower growth in sales, prices, profits, capital spending and employment is expected.

Although it is expected there will be a slowdown in economic expansion for Alberta in 1974, the rate of growth will likely exceed that anticipated for Canada. The following review and outlook for the Alberta economy from C.O. Brager, President of the Alberta Chamber of Commerce, supports this view:

"The economy of Alberta has been very strong during the past year and will carry into 1974. However, we do see problems in supplies and uncertainties which should tend to decrease the momentum.

The agriculture outlook is good. The grain harvest was interrupted by snowfall over most of the Province and in the north and Peace River districts will remain until spring before it can be threshed. Livestock deliveries were well up and demand should continue brisk.

The resource industry is having concerns. Although the production of oil is at an all-time high, legislation both at the Federal and Provincial level has led to uncertainty that has eroded investor confidence at least for the time being. In the result, the flow of capital to Alberta for exploration will decrease and this will have a ripple effect on supporting industries and unemployment. This will be offset somewhat by the start up of the Syncrude project and possible pipeline extensions. We look to increases in coal use and more development.

Building and capital spending continues strong and there appear to be many new projects on the drawing board. House-building has been booming for the last three years and the rate of building activity remains high.

Manufacturing was strong and indications are new business and industry will continue to be attracted to Alberta. The petrochemical industry has shown tremendous interest and has announced large plants which will be built here. Freight rates and transportation problems are still of concern, but indications are that studies and discussions are continuing with Government and between Governments, and some policies helpful to Alberta can be expected in 1974.

Inflation continues to be a major concern. The energy crisis throughout the world can have far-reaching effects. Cutbacks in the United States and other parts of Canada can very well lead to shortages of manufactured material needed in so many areas, such as agricultural equipment, building materials and construction machinery, and could lead to delays, unemployment, high costs and the like. This would react adversely, lead to slowdowns, unemployment, a drain on available capital

> and affect a strong economy. We believe employment will continue to be high and the unavailability of specialists in many areas due to increased building and construction could cause problems in logistics. Tourism has been strong and should continue. The gasoline shortage may restrict tourist traffic from the United States somewhat; however, the fact that gasoline will not be in short supply in Western Canada could attract many who would normally travel within the United States or take overseas holidays. On balance we think tourism will hold its own.
>
> Our conclusion, therefore, is that Alberta can expect better growth than most Provinces in Canada, but uncertainties in energy policy and shortages could lead to a slowdown during the latter part of the year. We do not in any way visualize a recession in the Province in 1974."

In November, 1973 the economic outlook for Alberta in 1974 was described as, "the exceptional rates of growth displayed by most economic indicators in 1972 and thus far in 1973, should provide the momentum to sustain high growth rates again for the balance of 1973 and 1974. In all likelihood even greater gains will be made in 1974". This statement was criticized by some observers as being overly optimistic, particularly so for 1974. This criticism would now appear somewhat valid. However, a significant factor behind the expected slowdown in 1974 was the uncertainty created during the last few months over energy policy, or the lack thereof. There is still a possibility however, that once the controversy over oil pricing and energy policy is resolved, expectations could become more optimistic. This feeling of uncertainty is adequately represented by the comment of H. E. McClenaghan, District General Manager of the Royal Bank of Canada:

> Looking ahead to 1974, it is my opinion that Alberta is likely to experience stronger growth than Canada as a whole. Our province will not be affected by a shortage of energy, which may reduce the level of economic activity in some parts of Eastern Canada, nor should it be as much affected by economic slowdown abroad. The province's agriculture and energy resources will enjoy strong domestic and foreign demand. Construction of the huge projects designed to further develop Alberta's Tar Sands, along with continued exploitation of conventional energy sources, will spur income and employment growth.
>
> We have, of course, some disharmony among Federal/ Provincial energy agencies, which is affecting the outlook of our Oil and Gas Industry, and pending resolution of this conflict, people in the Industry are faced with considerable uncertainty with respect to prices, taxes, etc. Unquestionably higher crude oil and natural crude prices available elsewhere, notably in the United States, will result in a loss of exploration capital. Nevertheless, while increasing royalties and taxes may in the long run have an adverse impact on Alberta's petroleum and natural gas exploration, it is unlikely that any major effects will be felt during the short term and in particular 1974, as existing producing facilities and commitments made for exploration should ensure continued buoyancy in the next 12 months..."

During the early part of 1974, the Department of Industry and Commerce conducted a survey of industrial projects currently under construction or proposed for 1974. (See Appendix II). The survey indicated that 116 projects are either under construction or proposed for 1974, which could involve over $2.6 billion in investment and produce an additional 7400 permanent jobs in Alberta. The largest concentration of industrial activity is to take place in the northeastern, Edmonton, and southeastern regions of the province, with industrial investment to be used mainly to develop the

Petroleum and Petrochemical Products, Manufacturing and Agricultural Processing industries. Comments on the Medicine Hat, Lethbridge and Lloydminster economies reflect the buoyant level of economic activity in their areas: Richard D. Skidmore, President of the Medicine Hat Chamber of Commerce comments:

> "1973 has witnessed an accelerated growth of business activity in the Medicine Hat area. The full economic impact of the British Army training program at Suffield was felt in the commercial and home building areas. Gas exploration in the area also added greatly to the local activity adding to our population growth through wider job opportunities. Industrial expansion, based mainly on our ability to supply natural gas as a raw material, has been the highest on record for Medicine Hat.
>
> The concern for long term energy supply will undoubtedly bring more industries to our area in 1974 and we could expect industrial growth to exceed 1973's."

O.C. Stubbs, President of Lethbridge Chamber of Commerce states,

> "The year 1973 has been one of near record proportions in terms of economic development. In recent years Lethbridge has enjoyed a solid, growing economy and the outlook for 1974 and future years is indeed encouraging..."

Peter L. Senchuk, President of the Lloydminster Chamber of Commerce adds:

> "1973 was a record year for construction in the City of Lloydminster with building permits exceeding $6,000,000.00. Construction in new retail outlets as well as residential.
>
> The year of 1974 will mark the start of the greatest growth of our city. The greatest economic growth of Lloydminster is yet to come with the construction of a $3,000,000 shopping centre and the construction commencement of a $7,000,000 Rapeseed Crushing Plant. With the diversified industries of agricultural products, oil, gas, prefab homes and the increase of service and secondary industries, the economic growth of our city will be phenomenal."

The benefits from high levels of economic activity are reflected in steadily rising personal incomes, industrial production and employment opportunities, but high economic growth is also associated with shortages of raw materials, skilled labour, and escalating prices. Although 1974 may witness a healthy economy in Alberta, from the standpoint of production, employment, and incomes, it may also suffer from increasing shortages of raw materials, labour, and a high rate of inflation.

In general, the supply of materials in Alberta appears to be "tight" at this time with steel being the scarcest. Representatives of the Canadian Manufacturers Association in Alberta report that Alberta steel consumers are being asked to wait 6 to 12 months for steel supplies and that the non-availability of structural, angle and reinforcing steel is delaying several construction projects. Steel plate is reported by some consumers to be "virtually non-existent". This situation is not expected to improve throughout 1974. Supplies of other basic raw materials such as cement and lumber are reported to be tight, but local producers feel that demand will be met in 1974. The shortage of skilled labour in the Province would appear to be of importance. An official of the Canadian Manufacturers Association contends that existing immigration policy, apprenticeship regulations and unemployment benefits mitigate the desired development of the labour force by respectively retarding recruitment, prolonging training periods and encouraging individuals to remain out of the labour force. He further contends that the situation will get worse as the Syncrude and similar projects progress. Commenting on labour

force shortages, H.C. Rynard, President of Acres Consulting Services states,

> "We do foresee a potential limitation to our growth because of a shortage of experienced engineers and associated skills in Alberta during 1974."

S.L. Thomas, Vice-President of Comstock International Ltd. confirms this prediction when he adds,

> "Not only is production and efficiency of the work force affected by material deliveries but also, because of the high level of activity, shortage of skilled manpower will greatly influence production and also completion dates. Buyers of construction services will be faced with higher prices and somewhat uncertain completion dates of their new facilities in 1974."

Inflation continues to be the number one economic problem in Canada. This also seems to be the case in Alberta, although the rate of increase in 1973 was less than the national average. Inflation, as measured by the difference between the December 1972 and 1973 Consumer Price Indexes, rose by over 9 percent in 1973 for Canada as a whole. In Alberta, the same measurement using the Edmonton - Calgary Consumer Price Index, rose by just over 8 percent in 1973. The main contributor in both cases was food prices which rose in Alberta by almost 18 percent in 1973. The remaining components of the Edmonton - Calgary Consumer Price Index increased by an average of just over 5 percent.

The outlook for price increases in 1974 for Canada varies considerably depending on what assumptions are made about the future international conditions, the economic growth rate likely to be achieved in Canada, and what fiscal and monetary policies will be forthcoming. Usually an economic slow-

down is accompanied by some moderation in the rate of price increases. Some economists feel that because of the uncertain international situation, shortages of raw materials, rising disposable incomes and the expected demands of labour, the rate of inflation may actually accelerate in 1974. The concensus would indicate however, that prices will moderate, although only slightly, because the Federal Government should strengthen its efforts to curb inflation in 1974. In Alberta, the rate of inflation will likely follow a similar pattern.

The results from the "Survey of Executive Opinion" reviewing price performance of various industrial sectors in 1973, suggest an average price increase of approximately 9.4 percent for Alberta. This same indicator is expected to fall just slightly to an increase of 9.2 percent in 1974. Therefore price increases in Alberta may moderate slightly in 1974, but hardly evident to the consumer or producer.

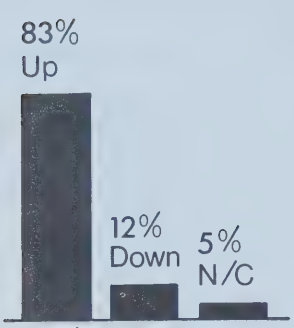
The high level of economic activity in both Canada and Alberta during the past year resulted in declines in the unemployment rate for both Canada and Alberta from 1972 levels. The labour force in Canada and Alberta grew at the same rate in 1973 of 4.4 percent. Employment grew in Alberta at less than the national rate. The result was a greater decline in the national unemployment rate than was the case for Alberta. Employment in Canada and Alberta grew at 5.2 and 4.9 percent, resulting in a decline in the unemployment rate for Canada and Alberta of .7 and .4 percentage points, respectively. In 1974, the unemployment rate for Canada is expected to either

remain at the 1973 level or increase slightly, corresponding to the general slowdown of the economy. In Alberta, however, the rate of growth in both the labour force and employment is expected to decline in 1974. Nevertheless the growth of employment is still expected to surpass labour force growth, resulting in a decline in the unemployment rate in 1974.

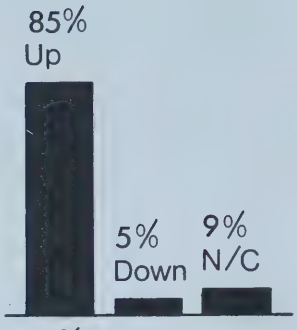
MANUFACTURING INDUSTRY

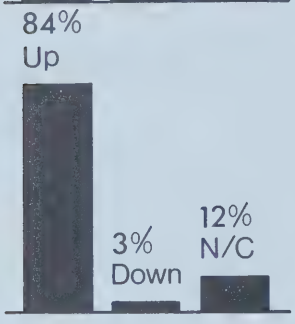
1973 Review
(as a % of Replies) [1]

1974 Outlook
(as a % of Replies)

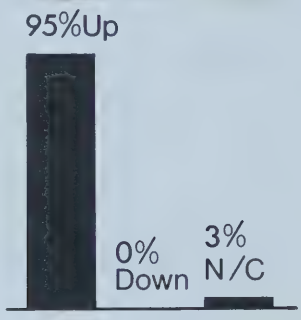


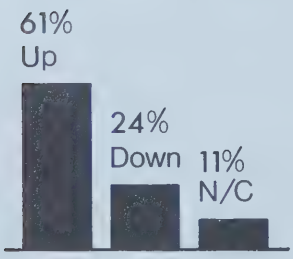
Revenue Up [2]
+5% to +20%
1973 Average +11.4%
1974 Average +10.8%



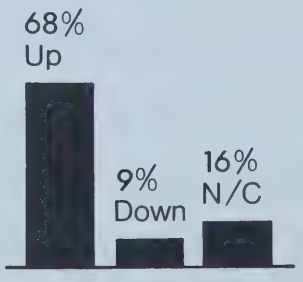


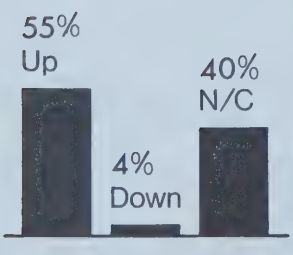
Prices Up
+8% to +14%
1973 Average +9.25%
1974 Average +10.1%



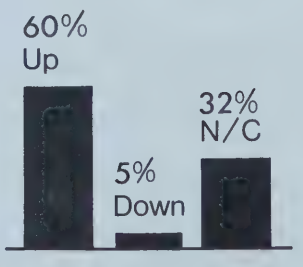


Profits Up
+5% to +20%
1973 Average +8.9%
1974 Average +9.2%





Employment Up
0% to +10%
1973 Average +3.3%
1974 Average +4.1%



1 See Appendix for definition

2 Range given is mid 50% range. See Appendix.

MANUFACTURING

For Alberta's Manufacturing industry, 1973 was a much better year than anticipated. The results indicate that a higher percentage of manufacturing firms experienced increases in sales, prices, profits, capital spending and employment than was predicted one year ago.

Eighty-three percent of the firms surveyed had increased sales in 1973, placing the industry average growth in sales at approximately 11.4 percent. A more buoyant market demand than expected accounted for the discrepancy between actual and predicted sales in 1973. Prices of manufactured goods in Alberta rose during 1973 by an average of 9.3 percent. The higher percentage of firms who raised their prices in 1973 resulted from unexpected increases in costs of materials and labour brought on by the supply shortages which developed during the year. Facing higher demand and costs, more manufacturing firms found it necessary to increase their capital spending intentions to expand capacity to facilitate more production and improve efficiency.

The outlook for the Manufacturing industry in 1974 appears bright. This optimistic view is tempered with caution, over the availability and hence cost of raw materials and labour, plus what effects the energy controversy will have on the general level of activity in the Province. This cautious attitude is reflected in the following comments by several Alberta manufacturing firms in their review of 1973 and prospects for 1974:

"1973 was a satisfactory year with exports to other provinces and foreign countries up significantly. The provincial market was not as strong as anticipated with eastern and United States based competitors prevailing in the few new markets created.

Costs for raw materials soared beyond all expectations especially those with a petrochemical base. The result was a significant sales increase but a marginal increase in profits.

1974 should be a better year because of the addition of new product lines. Since we market to the large basic industries in the west and since the demands for gas, oil, potash, fertilizer, coal, lumber and pulp are so great, next year should be extremely expansive. The only cloud on the horizon is the ever tightening supply of raw materials at any price."

.....

"The past year has been the best in our Company's history, with Sales, Profits, and Employment, exceeding any previous year. Capital investment also exceeded any previous year except the first year we started manufacturing."

.....

"1973 was a year of spiralling costs of livestock and all other prime costs. This had the effect of reducing profits based on capital employed. Increases in selling prices were almost always slightly behind the increased cost of production.

It has been a year of uncertainty and change in the marketplace - uncertainty of supply and change in the further extension and intensification of primarily provincial regulations and boards. These are exerting an ever increasing voice in the provincial marketplaces and, consequently, the total marketplace.

The outlook for 1974 is for very slight increases in livestock production, coupled with increased demand. We do not foresee the same increases in prices as in 1973, but there will be some increase in costs and selling prices."

.....

"1973 has been a year of rapid expansion due to market demand for our products. 1974 demand looks good as far as customer forecasts of their needs. The supply of some materials however will probably limit production, hence employment."

.....

"While industry growth in 1973 has been disappointing it is, nevertheless, well within the average rate of growth for the past five years. Price increases obtained at the beginning of this year have now largely been dissipated by dramatic increases in costs of raw materials, particularly malting barley.

For the coming year, the major problems are expected to be rapidly escalating costs for materials and services, much of which will be in extremely short supply, together with a highly inflationary economic situation which can be expected to have a dampening effect on the economic growth."

.....

The following table lists the predictions of several pertinent indicators of manufacturing activity with their actual changes for 1973 plus the forecast changes for 1974. The forecast for manufacturing shipments in 1974 would appear somewhat low in view of the trend over the past two years. Although some deceleration in the rate of growth in manufacturing shipments is likely, an increase of between 10 and 15 percent would seem appropriate.

The survey of industrial projects (see Appendix II) lists 47 major industrial projects in Alberta which are either under construction or proposed for the manufacturing sector in 1974. An estimated capital expenditure of over $112 million should create over 1500 permanent jobs in the Province.

MANUFACTURING INDUSTRIES

INDICATOR	FORECAST CHANGE FOR 1973[1] (percent)	ACTUAL INCREASE TO DATE 1973[2] (percent)	1974 FORECAST[3] (percent)
Value of manufacturing shipments	+21.4	+21.0(Dec.)	+7.2
Refinery Production	+9.5	+10.0 (Dec.)	+10.0
Cement Production	+7.3	+7.8 (Dec.)	+5.9
Slaughtered Meat Production	-2.5	-2.2 (Dec.)	No change
Slaughter Meat Exports	-0.6	-0.6 (Dec.)	No change

Source:
1. Executive Report 74...a survey of executive opinion
2. Alberta Bureau of Statistics, preliminary estimates.
3. Executive Report 74...a survey of executive opinion

PETROLEUM AND NATURAL GAS INDUSTRY

It was understandably difficult for executives of Alberta's Petroleum and Natural Gas industries to predict their level of activity for 1974 because of the controversy which surrounded the industry during 1973. This situation is reflected by the following comments from several company executives in Alberta.

> "Higher petroleum product prices in 1973 gave rise to improved cash flows and profits in the industry. Unfortunately, these have been construed by the federal government to be "windfall profits", rather than as a source of much-needed funds to carry out higher-cost exploration and development programs.
>
> The outlook is clouded by the actions of both federal and provincial governments at a time when investment capital will be sorely needed to replace depleting reserves."

.....

> "The uncertainty of the Federal and Provincial Governments' oil policy at this time makes forecasting very difficult, if not impossible, as future investment in the Province is very much dependent on the Company being satisfied that it will have the opportunity of making a reasonable return on such investment."

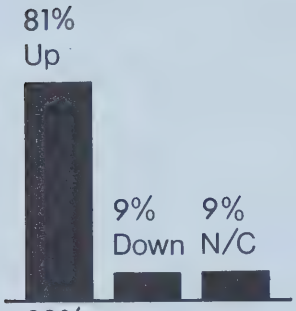
.....

> "Federal and provincial government policy decisions in the fourth quarter of 1973 regarding pricing and marketing of hydrocarbons has placed the industry in a state of confusion. It is therefore extremely difficult to formulate projections for the future.
>
> Hopefully these vital industry issues will be resolved by the governments concerned, early in 1974, in a manner

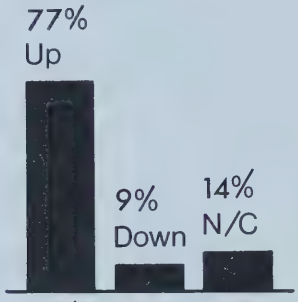
Petroleum and Natural Gas INDUSTRY

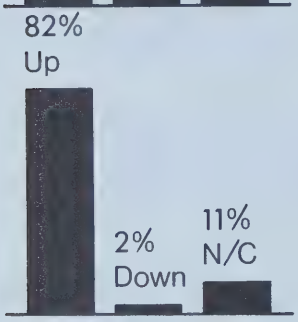
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

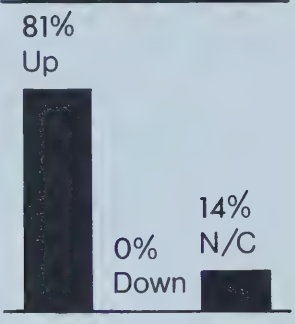


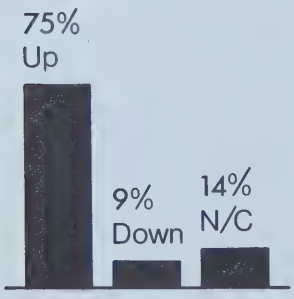
Revenue Up
+8% to +20%
1973 Average +20.3%
1974 Average +14.5%



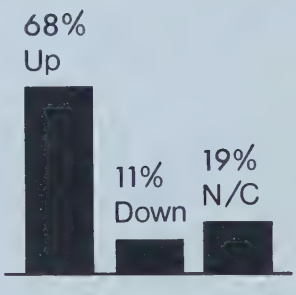


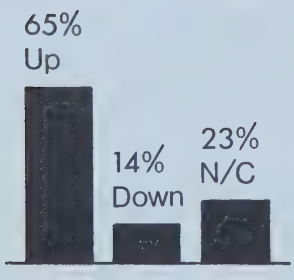
Prices Up
+8% to +18%
1973 Average +13.8%
1974 Average +11.4%



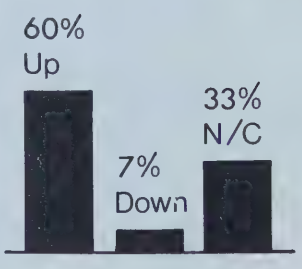


Profits Up
0% to +20%
1973 Average +9.6%
1974 Average +9.2%





Employment Up
+3% to +10%
1973 Average +6.9%
1974 Average +6.8%



> which will allow the industry to benefit from future price increases. This increase in cash flow is required to sustain present, and increase future, exploration in the face of rising costs and to increase production from marginal areas that are uneconomic at present price levels."

Regardless of the uncertain conditions which affected the industry in 1973, particularly during the last six months, Alberta's Petroleum and Natural Gas industries performed better than expected, especially, in terms of price and profit growth. Sales were up substantially in 1973 due to the strong domestic and export demand during the year.

H. O. Boswell, President of Amoco Canada Petroleum Company Ltd. characterizes the 1973 performance as follows:

> "Generally, operating activity during 1973 increased in all areas over that experienced for 1972. The financial results for 1973 continued to show the effect of inflationary trends primarily within the area of operating costs. The effect of these trends in 1973 was more than offset by improvement in product prices for all major products primarily as a result of demand and the impact of governmental policy relating to the establishment of fair-value prices for petroleum products and natural gas.
>
> Although profits have increased substantially, having risen by 136.3% in 1973, our rate of return on Capital employed has only increased from 5.5% in 1972 to 12% in 1973. For the ten year period ending in 1971 Amoco Canada's rate of return on Capital employed did not exceed 5%, showing the substantial investment program carried out through time. Furthermore, the rate of 12% is felt to be an unsatisfactory rate considering the risk nature of our industry."

Petroleum and Natural Gas industry executives have naturally hedged on their predictions for 1974 because of uncertain conditions. The

survey results indicate, therefore, that 1974 will witness a slower rate of growth in sales, prices, profits, and employment than occurred in 1973. It is possible, however, that these expectations could be revised when the price freeze on petroleum products is lifted at the end of March and more definite federal and provincial energy policy is formulated. This cautious outlook is supported by the comments from S. G. B. Pearson, Vice-President of Gulf Oil Canada Ltd:

> "Probably the most significant events of 1973 affecting the Alberta Industry were the agreement and commitment to Syncrude's tar sands plant, the shift in price setting from the U. S. to O. P. E. C. nations, and both federal and provincial steps towards increased government involvement in the Industry.
>
> Industry's exploration record in Alberta during 1973 continued to be disappointing and, in conjunction with record levels of production, will again result in decreased remaining oil and gas reserves. Predictions for 1974 are difficult in view of the many political questions still unanswered. In our view, conventional exploration should continue within the province at high levels, if the wellhead price of oil and gas after provincial royalty, as well as the downstream prices of refined products, are allowed to appropriately improve so as to provide sufficient exploration incentives for the increasingly costly and difficult search for Alberta's remaining oil and gas reserves. However, since the Industry must be allowed to compete with other areas for investment and risk capital on a satisfactory rate of return basis, much of the exploration impetus both gained during 1973 and anticipated for 1974, particularly with respect to natural gas, could be considerably tempered by such factors as the pending Alberta royalty regulations, the prospect of inhibitive price controls and other political ramifications.
>
> The Industry will continue in 1974 to invest low risk capital in maintaining production from existing reserves

> and improving recovery through secondary techniques. Industry will also continue to probe the feasibility of heavy crude oil or tar sands production as long as some guarantees are available with respect to price and markets, and satisfactory royalty arrangements can be negotiated within the framework of reasonable economics."

The uncertainty present, plus the predicted slowdown in activity will have the most pronounced effect on the drilling and exploration activities of the industry. As the following comments from L.O. Petty, Resident Manager of Johnston Testers, a Division of Schlomberger Canada Ltd. indicates, those service industries related to exploration are very much concerned over the prospects for 1974.

> "Our line is completely dependent upon the drilling of exploration type wells in the petroleum industry. The haranguing between the various branches of government over who is to reap the "windfall" profits being "generated" in our industry has had a very unsettling effect on the future of the petroleum drilling industry, on a short-term basis. Our company has budgeted 1974 as being approximately the same as 1973; however in the last two months there has been many hints from our clients that they are taking a "wait & see" attitude. We now see the first half of the year to be normal with last half very questionable. 1973 was extremely good because of the energy emphasis and our clients' efforts to find new sources. 1974 should have been as good but now I doubt that it will."

The following table lists forecasts relevant to the Petroleum and Natural Gas industries along with their actual changes for 1973 and the forecast changes for 1974. With the exception of natural gas production, the 1974 forecasts for the remainder of the indicators are considerably below the actual performance for 1973. It is also interesting

to note that according to Oilweek, footage drilled and the number of well completions in Alberta to February 9, 1974, are already lower than the comparable 1973 figures.

Petroleum and Natural Gas Industries

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Oil Production (Crude Oil and Equivalent)	+20.7	+19.6 (Dec.)	+5.0
Gas Production	+ 8.0	+ 7.3 (Dec.)	+7.1
Footage Drilled	+28.6	+28.3 (Dec.)	-9.1
Number of Wells Drilled	+36.9	+33.2 (Dec.)	-10.2

Source: 1. Executive Report 74...a survey of executive opinion.
2. Alberta Energy Resources Conservation Board, preliminary estimates.
3. Executive Report 74...a survey of executive opinion.

The availability of low-cost energy sources has generated considerable interest in the development of Alberta's Petrochemical industry. The survey of industrial projects (see Appendix II) either under construction or proposed for 1974 lists 11 projects in the Petroleum and Petrochemical Products industries, involving a capital expenditure of approximately $2.2 billion, which could create over 3,300 permanent jobs in Alberta.

COAL AND SULPHUR

Coal production to the end of 1973 is estimated a 3 percent above the 1972 level. The 1973 production was considerably below the level orginally forecast for 1973, of 15 percent. The reason this projection was not achieved was likely a result of capacity limitations in production and the transportation system. The prospects for 1974 are encouraging however, with production expected to increase by 10 to 15 percent. The review of 1973 and the prospects for Alberta's Coal industry are presented in the following comment by the President of a major Alberta coal firm:

> "Demand for coal in 1973 remained high and it is anticipated there should be no change in 1974. Recent developments in the energy field suggest a possible higher demand for coal in the future, however, whilst it would take a relatively short time to put new coal mines into operation, the problem lies with transportation both as regards the physical delivery of the coal and high freight rates.
>
> Union demands are expected to be very severe but fortunately most long-term contracts provide for escalation to cover such a contingency.
>
> Expanding markets will put a heavy strain on the limited number of skilled people available. High wage rates should ensure steady stream of highly classified people but they require substantial training, which in the initial stages, has a great effect of productivity."

The increasing demand for fertilizer, both domestically and internationally, has led to significant increases in the production, sales, and total value of sales for Alberta's sulphur producers in 1973. In addition, as

indicated in the following table of industry indicators, producers expect an even better performance in 1974, especially in terms of the total value of sales and the average net-back to the producer.

MINING

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] Percent)	1974 FORECAST[3] (Percent)
Coal Production	+15.0	+ 2.9 (Dec.)	+12.0
Sulphur Production	+12.0	+ 6.8 (Dec.)	+ 8.1
Sulphur Sales	+19.4	+24.5 (Dec.)	+24.3
Sulphur Value of Sales	+25.4	+21.7 (Dec.)	+76.5
Sulphur Average Price (F.O.B. the Plant)[4]	+ 5.1	- 2.3 (Dec.)	+42.0

Source:
1. Executive Report 74...a survey of executive opinion
2. Alberta Energy Resources Conservation Board, preliminary estimates
3. Executive Report 74...a survey of executive opinion
4. Refers to the average price throughout the year

CONSTRUCTION INDUSTRY

The Canadian Construction industry is expected to grow by about 20 percent in 1974, with the value of total production approaching $22 billion, compared with an estimated $18.5 billion in 1973, according to Henry de Puyjalon, President of the Canadian Construction Association. During 1974, the industry will suffer, however, from shortages of basic construction materials, particularly steel, and skilled labour. Nevertheless, 1974 is expected to be another prosperous year for Canada's Construction industry, with most of the increased activity resulting from industrial building expansion.

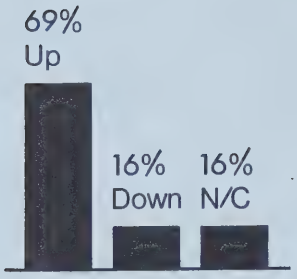
For Alberta's Construction industry, a similar view is presented by W.J. Sissons, President of the Alberta Construction Association:

> "As 1973 closes we are witness to a year of a buoyant economy in Canada generally, and Alberta, the construction industry included. Furthermore, those forces which generated the rapid growth are still largely intact though currently showing symptoms of anxiety because of international and energy uncertainties.
>
> The 1974 outlook overall suggests some slowing but still healthy growth and the probability of acceleration again in 1975. Regarding the construction sector in Alberta the rapid expansion of plant for energy, petrochemical and supply industries will continue and even accelerate, pipelines also. Highway construction will gain significantly. Residential construction, was off slightly in 1973 but should recover to 1972 levels. Apartment vacancy rates have dropped so construction increases should be anticipated providing the money supply and interest rates do not interfere. Commercial, and private sector institutional construction may be relatively unchanged overall. We may expect an increase in construction of public services in excess of 25%, that if delayed would result in even larger upward adjustments later.

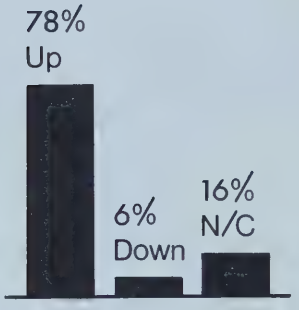
CONSTRUCTION INDUSTRY

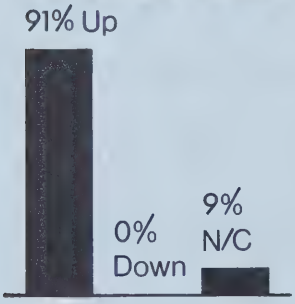
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

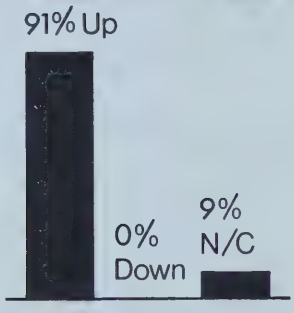


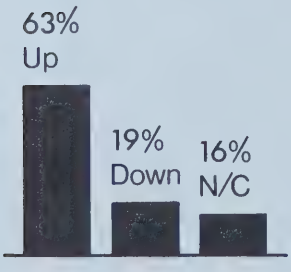
Revenue Up
+10% to + 25%
1973 Average +14.8%
1974 Average +14.9%



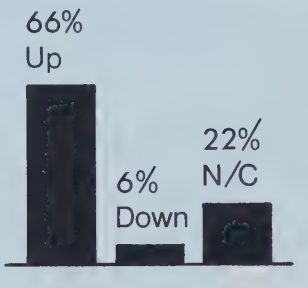


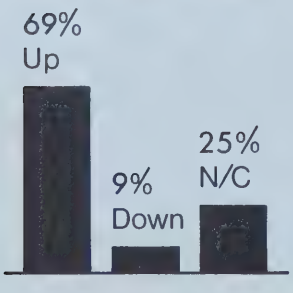
Prices Up
+10%
1973 Average +8.5%
1974 Average +10%



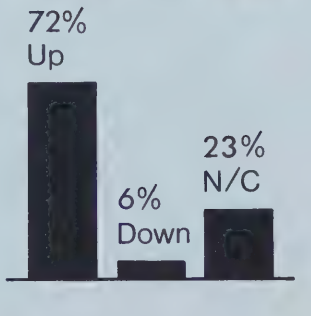


Profits Up
+ 5% to +25%
1973 Average +13.7%
1974 Average +13.5%





Employment Up
+ 5% to +15%
1973 Average +8.5%
1974 Average +8.6%



> Skilled labour supply has been one of the limiting factors in 1973 and some critical shortages have developed. It could become much more serious by 1975 with the high levels of industrial - energy expansion anticipated.
>
> Likewise the cost increases experienced in construction and all sectors of the economy can be expected to continue into 1974, a composite of material and labour increases, energy cost increases and world shortages."

The Canadian housing market is also expected to remain strong well into 1974. Increasing prices in 1973 did not deter consumer interest and housing demand will continue to be strong because of the increases of personal incomes in recent years, a greater preference for housing as opposed to alternative accommodation, and consumers having come to accept higher mortgage rates. For these reasons the Housing and Urban Development Institute of Canada and the Toronto Home Builders Association feel that prices are not likely to peak until at least the middle of 1974. In Alberta, the same general feelings exist, as represented by the following comment by R.A. Orr, President of Engineered Homes Ltd.:

> "1973 was an exceptional year for housing in Alberta and all of Western Canada. There was a strong consumer demand together with availability of mortgage funds and timely financing techniques to keep pace with the demand.
>
> Going into 1974 the consumer demand continues strong. The market could be seriously affected by rapidly rising costs and critical shortages that appear to be developing in some building materials.
>
> It would appear that these factors will tend to have their effect on the market as we move further into 1974."

In reviewing the performance of 1973, Alberta's Construction industry generally realized what was expected, with the possible exception of price increases. A larger percentage of firms raised their prices during 1973 because of the unexpected increases in the cost of materials.

The outlook for the Construction industry in 1974 suggests continued growth, although problems of adequate supplies of basic materials and skilled labour will be encountered, and likely become more serious during the year, as the following comment by a leading engineering construction firm maintains:

"a. The general economic outlook for 1974 for our type of services looks very good at least until the later part of '74.

b. Experienced Engineering personnel are in short supply and will continue to be for the next several years.

c. Supply of construction materials and equipment will again be short in '74 at least until mid year.

d. The rate of inflation in '74 will be as high or higher than '73 and this will have the effect of curtailing some projects late in '74 and throughout 1975."

Urban housing starts in the Province during 1973 were below the 1972 level by over 7 percent. This was the second straight year when an absolute decline in the number of starts was recorded, although the decrease from 1972 to 1973 was much less than that between 1971 and 1972. 1973 was highlighted however, by a remarkable recovery during the last quarter of the year. During the fourth quarter of 1973, starts were 22 percent higher

than the same period in 1972, and for December 1973, was over 30 percent above the December, 1972 figure.

It is too early to tell whether this rate of development will continue in 1974, however, there should be a general improvement over 1973 performance in the first and second quarter of 1974, followed by a slight decline during the remainder of the year, resulting in a yearly total for urban housing starts in 1974 at slightly above the 1973 level.

The total value of building permits issued in Alberta during 1973 was approximately 20 percent above the 1972 figure. The following table illustrates that the most pronounced gains were made in the industrial and commercial categories. The review of 1973, as derived from the survey, did indicate the general trends, but were considerably lower than the actual values. Therefore, there is reasonable justification for assuming that the 1974 forecasts are lower than can be expected. The forecast does indicate however, that the value of residential building permits is expected to decline but the value of institutional and government permits is expected to make a rather substantial recovery.

Construction Industry

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Value of Residential Building Permits	+ 5.8	+11.1(Dec.)	- 2.5
Value of Commercial Building Permits	+21.1	+29.9(Dec.)	+ 4.8
Value of Industrial Building Permits	+92.5	+220.9(Dec.)	+ 8.3
Value of Institutional and Government Building Permits	-21.3	-29.4(Dec.)	+ 7.8
Urban Dwelling Starts	- 7.4	- 7.2(Dec.)	+ 0.44
Capital and Repair Expenditures	+ 6.0	+ 8.6(Mid-Year)	+11.6

Source: 1. Executive Report 74...a survey of executive opinion.
2. Alberta Bureau of Statistics, preliminary estimates.
3. Executive Report 74...a survey of executive opinion.

Of considerable interest to the Construction industry is the expected levels of mortgage rates. The following table lists the forecasted values of the average quarterly N.H.A. Mortgage interest rates for homeownership in 1973 and 1974. The results indicate there will be a steady increase in mortgage rates until the second quarter of 1974. Mortgage rates will then decline in the second quarter, increase during the third and decline again during the fourth. The 1974 yearly average N.H.A. mortgage rate is expected to be

higher than the 1973 average, but is not expected to go beyond the 10 percent mark, which was last achieved in 1970.

Average Quarterly NHA Mortgage Interest Rates for Homeownership

(average percentage)

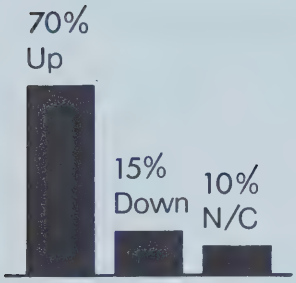
	1970	1971	1972	1973	1974
I	10.18 %	9.36%	8.79%	9.03%	9.75%
II	10.27	8.82	8.86	9.11	9.69
III	9.98	8.97	9.05	9.57	9.81
IV	9.83	9.02	9.08	9.67	9.69
Yearly Average	10.07%	9.04%	8.95%	9.35%	9.74%

Source:
1. Bank of Canada Review, various, 1970 - 3rd quarter, 1973.
2. Executive Report 74...a survey of executive opinion, 4th quarter 1973 - end of 1974.

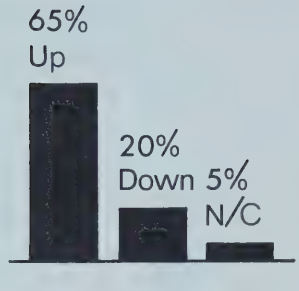
AGRICULTURAL INDUSTRY

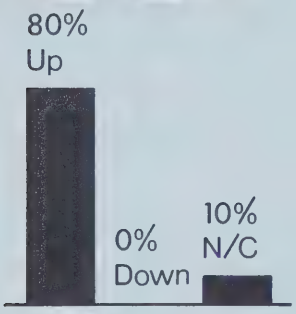
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

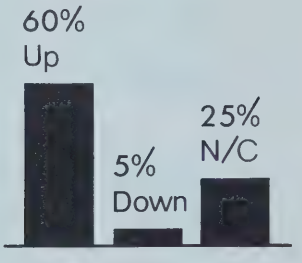


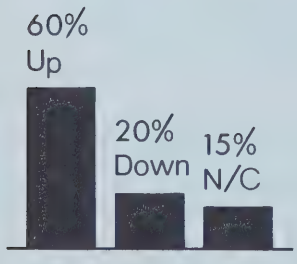
Revenue Up
+6% to +15%
1973 Average +12.8%
1974 Average +11.0%



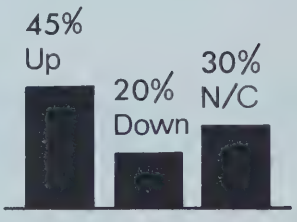


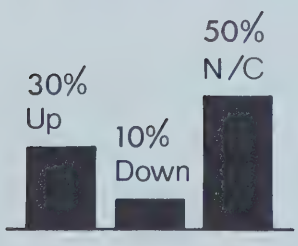
Prices Up
0% to +12%
1973 Average +14.6%
1974 Average + 8.8%



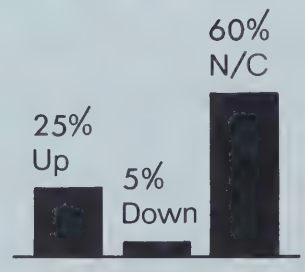


Profits Up
0% to +6%
1973 Average +6.6%
1974 Average +2.8%





Employment
No Change
1973 Average +6.6%
1974 Average 0%



AGRICULTURAL INDUSTRY

The growth of the Alberta economy largely depends on the prosperity of its leading industrial sectors, namely Manufacturing, Petroleum and Natural Gas, Construction and Agriculture. The high level of economic activity recorded in Alberta during 1973 resulted mainly from the strength of these four sectors. For 1974, a slight slowdown for the economy is expected because of the weakening growth prospects of at least two of these major sectors, Petroleum and Natural Gas and Agriculture.

For Alberta's Agricultural industry, 1973 was an exceptional year, far better than anticipated, particularly in terms of price and profit performance. Eighty percent of the respondents indicated the prices of their products increased in 1973. This compares to only 15 percent who anticipated a price increase. Profit performance was also much better than expected, with 60 percent of the respondents experiencing an increase. Only 35 percent predicted increased profits in last year's survey. The major reason for these dramatic changes was the unprecedented growth, both domestically and internationally, in the demand for food. The demand brought about by several natural disasters which seriously affected the supply of key food ingredients, such as wheat and feed grains; the simultaneous economic expansion of most industrial nations and intervention by governments in the market place during the year. The result of the higher prices and profits was reflected in substantial gains in both net farm income and farm cash receipts for Canada and Alberta in 1973.

Mr. W.L. Porteous, Director, Agricultural Division, Statistics Canada, indicated that realized net farm income for Canada increased to a record level of almost $3 billion in 1973, a gain of more than $800 million, in 1973 and realized net farm income for Canada is forecast to increase further in 1974 to reach an all time high of $4.6 billion, an increase of over 50 percent. Total farm cash receipts in Canada were estimated to reach $6.9 billion in 1973, 27.7 percent higher than in 1972, and were forecast to increase to approximately $9 billion in 1974, or an over 30 percent increase. Mr. Porteous attributed most of the expansion in cash receipts to strong world grain prices whose major beneficiaries will be farmers in the prairie provinces, while a much smaller increase is expected in the receipts from livestock and livestock products. In Alberta, total farm cash receipts increased by over 30 percent in 1973, and probably at least an equivalent rise in 1974 can be expected.

The 1974 outlook for Alberta's Agricultural industry will depend to a large extent on international market conditions and the policies of government during the year. S.W. Garland of Agriculture Canada predicts that world wheat production in 1974 could reach record amounts, which could cause some softening of prices. However, he does not foresee the world wheat prices dropping below the levels of two years ago. With grain prices remaining high and production expected to increase, cash receipts from grain crops should increase substantially again in 1974. The outlook does

not appear as bright for livestock producers, with livestock prices expected to stabilize, but costs of production, particularly feed, would continue to increase. Therefore, while the higher prices for wheat and feed grains benefitted grain producers considerably in 1973, the benefits of this higher level of activity were not equally distributed within the industry. As the following comments testify, livestock producers were not totally satisfied with their performance in 1973 and are not looking for major improvement in the coming year.

> "Heavy demand and high prices for feed grains and oilseeds have caused serious disruptions in the livestock industry in 1973. There will be a continuation of this through most, if not all, of 1974. It will cause the trend toward feeding of more and more beef cattle in southern Alberta to accelerate, since there is irrigated land in the south that is opening up to silage corn. Small feeders of beef and dairy cattle, and hogs will continue to turn more to grain production, abandoning their small livestock operations temporarily. High wheat, oats and barley prices will also cause farmers to temporarily discontinue growing specialty cash crops such as peas, beans, lentils and mustardseed to a large extent. Total farm receipts should stay high throughout 1974 unless there is a general economic recession in the world."

.....

> "1973 was a particularly queer year for the livestock feeder in Alberta. Record prices and demand in the mid summer period quickly disappeared as the fall continued. Calf prices continued to remain reasonably strong but for the first time a two price calf market was in evidence. Local demand reacted to lower fat cattle prices and higher feed costs, while eastern Canadian demand for good quality calves was strong. High prices on feeder cattle during the September, early October period which represents the butcher cattle coming to market now, assures most feeders of yearling cattle a loss on the fall feeding operations. Because of our dependence on the U.S. market,

which took an unexpected fall in prices after the lifting of the price ceiling in August, the Alberta market felt price pressures from September on to the present time. The importation of American butcher cattle, in record large numbers also contributed to a very depressed local butcher cattle market. Prices paid by the Alberta consumer at the retail level continued high and the decrease in fat cattle prices was not passed on to the buying public, thus creating no surge in consumer buying due to lower super market prices. Only very recently has it been evident that consumer prices are being reduced but indications are for this to be of only short duration. The grain problems have seriously handicapped the local Alberta feeder, not only because of high prices but also because of the unavailability of sufficient volume of feed grains to develop any sort of back up supplies to continue a feeding program.

Early 1974 should see stronger butcher cattle prices with a chance for feeders to recoup some of their losses of the past few months. It is doubtful that the feed grain situation will improve much for the first half and if present price escalations continue, American corn will be brought into Alberta in increased volume. Larger numbers of calves are expected to be marketed in January and February of 1974 because of a hold back by basic producers due to tax problems and lower late fall prices."

The above feelings are represented in the following table which forecasts changes in pertinent indicators of agricultural activity compared to the actual results for 1973 and the projections for 1974. The figures indicate that the higher grain prices will attract more farmers into grain production, however no major changes will occur in terms of the number of livestock marketed. The forecast increase for farm cash receipts at 9.5 percent would appear somewhat low in view of the above remarks. It is likely that the change in Alberta farm cash receipts will parallel that for Canada as a whole, which forecasts a 30 percent increase in 1974.

AGRICULTURAL INDUSTRY

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Total Grain Shipments Out of Alberta Elevators	-18.0	-16.4(Dec.)	+6.7
Livestock Marketed in Alberta	- 6.9	- 6.4(Dec.)	-4.0
Total Farm Cash Receipts	+32.1	+32.3(Dec.)	+9.5

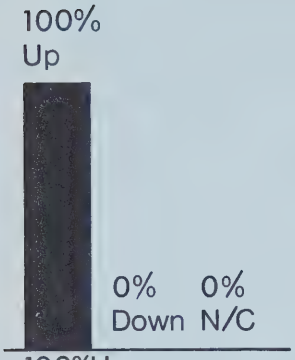
Source:
1. Executive Report 74... a survey of executive opinion
2. Alberta Bureau of Statistics, preliminary estimates
3. Executive Report 74... a survey of executive opinion

The rising demand for food, coupled with the desire for lower food prices, has resulted in greater interest in developing the local food processing industry in Alberta. The survey of industrial projects (see Appendix II) indicates that 43 projects, involving $49 million in capital investment and creating almost 1,000 permanent jobs will be either under construction or proposed for 1974.

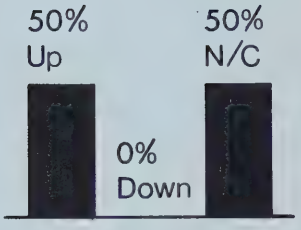
FORESTRY INDUSTRY

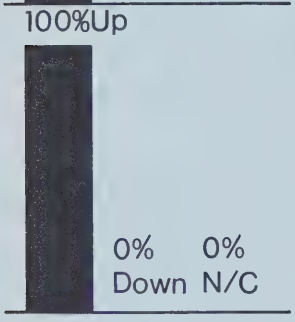
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

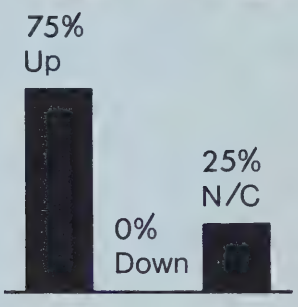


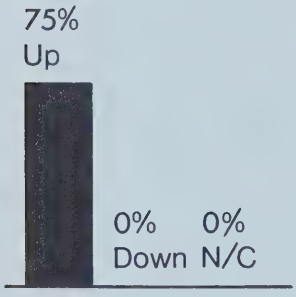
Revenue
No Change
1973 Average + 25%
1974 Average 0%



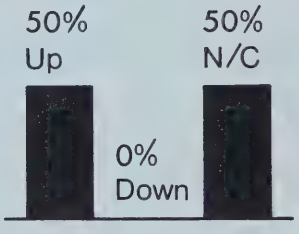


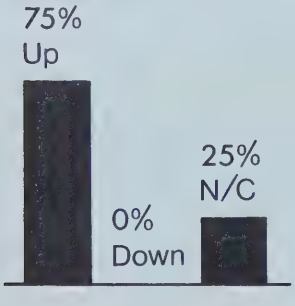
Prices Up
+6% to +25%
1973 Average +30%
1974 Average +15.5%



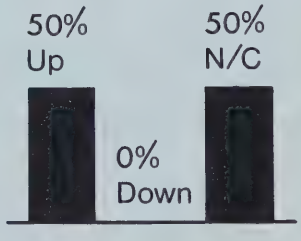


Profits Up
+15%
1973 Average +25%
1974 Average +15%





Employment Up
+1% to +10%
1973 Average +5%
1974 Average +5%



FORESTRY INDUSTRY

The Alberta lumber sector has just completed an exceptional year with a record production of 700 million board feet, up from 580 million the year before. In spite of record lumber prices in 1972, they were exceeded in the summer of 1973 when the average price at the mill was $133 per thousand board feet. Most of Alberta's lumber is exported to the United States, and although these shipments were up only 2.5 percent for 1973, the U.S. Wholesale Price Index for lumber in late summer rose to 220 (1967=100), almost 30 points higher than a year earlier. In Alberta export trends basically parallel total Canadian exports which were up 3.5 percent to the U.S. for the first nine months. Lumber prices traditionally fall in the winter and 1973 ended with them plummeting from the record highs a few months earlier. The major industrial development in 1973 for Alberta was the start-up of the Proctor and Gamble pulp mill at Grande Prairie.

The Forest Products Committee on the National Economic Outlook Conference has recently prepared an outlook which is relevant to the performance of the Alberta Forestry industry. The Report shows that Canada now has a surplus of some 4 billion cubic feet of timber which is adequate for continued expansion of the industry for the next 10 to 15 years. Due to the dependence of this industry on economic conditions elsewhere, it must be competitive in worldwide terms if it is to fully realize its potential.

The outlook for Alberta's Forestry industries for 1974 is largely determined by the level of housing starts in the U.S. Economists at the F.W. Dodge Division, McGraw-Hill Information Systems Co. predict a recovery this Spring which will bring house-building back to a level of 2 million starts by the end of 1974. This prediction contradicts other forecasts which indicate a further decline in housing starts to 1.5 million. The total housing starts, at 1.6 million in 1973, was the first time in two years it was less than 2 million. The "energy crisis" in the United States is partly behind the housing slump, but early signs of improvement are appearing in the mortgage market, as reflected by the recent drop in mortgage rates.

According to F.W. McDougall, Director of Forestry, Alberta Forest Service, lumber production in 1974 is not expected to exceed the 1973 level of 700 million board feet due to the poor logging conditions caused by the heavy snowfall during the 1973-1974 winter. Stud prices in 1974 are also expected to be lower than in 1973. Production from the new Simpson mill at Whitecourt and the Fox Creek mill should add another 115 million board feet to the provincial output in the next two years.

W.S. Buchanan, President, Buchanan Lumber Company, High Prairie, is concerned about the adverse effect falling stud prices will have on the smaller mills. The alternative of closing down temporarily is not very appropriate at a time when all resource industries are having labour shortages. The other alternative to diversifying production means expensive equipment costs.

R. A. Bickell, General Manager, North Canadian Forest Industries Ltd., Grande Prairie, also admits that 1974 prices will not be good, but is not overly concerned at this time. The larger producers with good marketing agents can absorb the slump until the American market picks up in the Spring.

H. Hart, President of the Canadian Pulp and Paper Association, stated that 1973 was the first time in over a decade that the Canadian industry fully utilized its plants and equipment. Record production levels were reached in spite of the fact that strikes disrupted several operations during the summer.

Although a number of uncertainties could affect international trade in 1974, Mr. Hart is predicting a prosperous year for the industry. It is a resource-based industry where access to resources is as important as access to markets. Assuming the industry can gather sufficient supplies of chemicals, fibre, energy, and manpower, output should be maximized with the further application of new technology.

The following table lists the predictions of several pertinent indicators to the Forestry industry together with their actual changes for 1973, plus the forecast changes for 1974. Seven industrial projects are either under construction or proposed for the Forestry sector in Alberta for 1974, with an estimated capital expenditure of slightly over $35 million which could create over 1,100 permanent jobs in the Province.

FOREST PRODUCTS INDUSTRIES

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Pulpwood Production	+51.0	+46.6 (Dec.)	+70.0
Lumber Production	+18.2	+33.6 (Dec.)	+ 5
Lumber Sales	+12.5	+17.5 (Dec.)	No Change
Lumber Exports	+ 1.7	+ 2.5 (Dec.)	+ 7.3

Source:
1. Executive Report 74...a survey of executive opinion
2. Alberta Bureau of Statistics, preliminary estimates
3. Executive Report 74...a survey of executive opinion

TRANSPORTATION, COMMUNICATIONS AND UTILITIES INDUSTRIES

Indicative of the level of economic activity in any particular area is the performance of those industries which serve economic development, such as the Transportation, Communications and Utilities industries. Consequently for Alberta's Transportation, Communications and Utilities industries, 1973 witnessed unexpectedly high growth, particularily in prices, capital spending and employment, which reflects the experience of the Alberta economy during 1973. The outlook for 1974 for the Transportation, Communications and Utilities industries again parallels that for the Alberta economy where growth is still expected to occur, although not at the high rates attained in 1973. This view is reflected in the following comments by leading spokesmen for Alberta's Transportation industry:

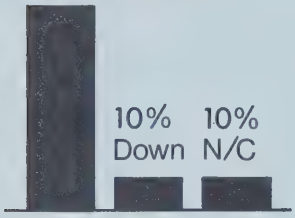
> "Alberta continued to be a very dynamic area for air transportation activities throughout 1973. The industry should continue to receive its impetus from the resource and related industries in the year ahead, in spite of some clouded issues surrounding the oil industry in particular.
>
> Operating costs will continue to mount at a rate comparable to that experienced in 1973. Specifically, costs of fuel, labour and outside services will continue to lead the way.
>
> If major oil sand developments proceed on schedule and activity maintains its present momentum in the far north, air carriers can look to another strong growth year. Should this happen, substantial capital expenditures for equipment and facilities will result along with a requirement for increased staff levels."

.....

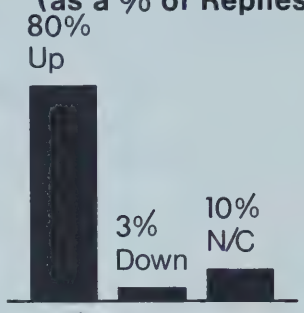
Transportation, Communications & Utilities INDUSTRY

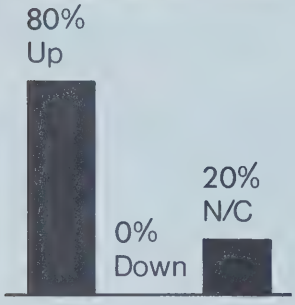
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

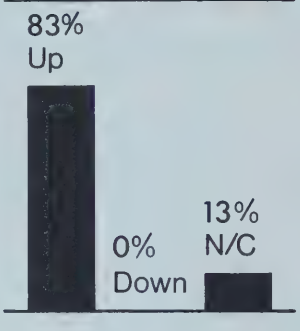


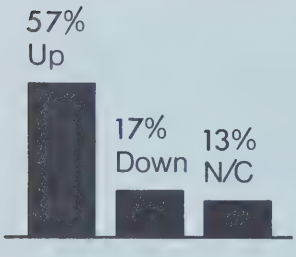
Revenue Up
+5% to +20%
1973 Average +10.7%
1974 Average +12.4%



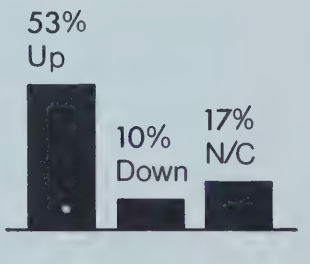


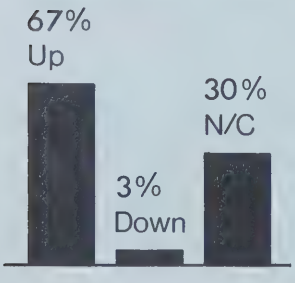
Prices Up
+5% to +10%
1973 Average +7%
1974 Average +6.6%



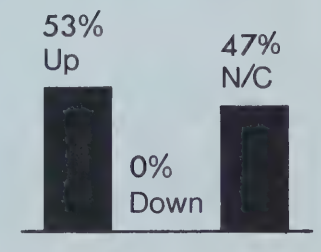


Profits Up
0% to +10%
1973 Average +4.9%
1974 Average +5.0%





Employment Up
0% to +10%
1973 Average +4.9%
1974 Average +3.0%



"The national railways strike in August and September of 1973 severely affected the Company's gross and net revenue position. Tonnages handled in the remaining months of the year exceeded projections and were running strongly ahead of volumes in 1972.

The strength in export markets for sulphur, coal, grain and forest products dominated the general buoyancy of the economy. The continued decline of the dollar in the international monetary system undoubtedly improved Canada's export position vis-a-vis Australia, South America and the European countries.

The effects of the oil crisis are difficult to assess, but there is little doubt that a prolonged hold-back by the Arab States will have an adverse effect on the economies of all other major trading nations. The effect on Canada is dependent on our ability to obtain a larger share of a possibly declining market in such things as lumber, potash, sulphur and a variety of manufactured goods. Coal is not expected to be affected due to the increased demand for non-petroleum energy sources.

Our ability to obtain a larger share of the market is dependent, of course on our price. There has been recent strengthening of the dollar and inflationary pressures in the Canadian economy continue to remain strong. If the dollar continues to move upwards and/or we fail to control the rate of inflation as compared to other exporting nations, then the growth experienced in recent years could slow down or indeed stop.

Our projections have been based on the dollar continuing to move upwards at a moderate place and the inflation not exceeding that in other countries.

The other major factor that will affect growth in 1974 and in future years, is the availability of labour in those areas of the country where major developments are occurring. The variation in unemployment levels across the country is wide. Labour shortages are slowing down growth in some areas and labour surpluses adding to social costs in others. This problem deserves serious attention if our resources are to be developed at world competitive prices."

.....

"General economy within the oil industry will possibly suffer due to the current energy crisis, and since this group predominates our traffic market expected increases will be somewhat reduced. The energy crisis will also result in a reduction of flight schedules for 1974. Although an increase in traffic is forecast for 1974 vs 1973 it will not be as large as anticipated under normal operating conditions."

.....

"The general economic activity has been excellent throughout 1973 and has resulted in a strong market place for our services. However, wage inflation and the extreme difficulty in finding workers has made it very difficult to achieve improvement in productivity. The national rail strike had an extremely harmful effect on the movement of foods to distribution warehouses and indeed the problems which it caused are still with us.

We view 1974 in the expectation that it will continue strong in Alberta - service demands are still high and we anticipate that that will continue so, for at least the first six months of the year. We expect that labour will continue as a problem. We are also concerned with the likely supply shortage which may arise in the U.S. and in Eastern Canada as a result of the fuel crisis. We do not however expect to see the impact of that in our business until late 1974."

.....

Communications

The majority of respondents in the Communications sector were commerical radio stations, newspapers and advertising agencies, most of whom reported a highly successful year in 1973, but are expecting a mild slowdown in 1974. The following comments generally describe the economic prospects of Alberta and how this relates to the Communications industry:

"No rapid expansion in 1974 of the demands for the services of advertising agencies is envisaged, as the growth of

secondary industry in the Province has been limited in the area requiring this expertise. This has been coupled with increased competition through the opening of branch operations of national advertising agencies to service the existing needs of their national clients.

The continuing support from all areas of the Provincial Government to locally owned and operated communications companies is desirable if growth is expected. Otherwise the tendency to equate quality with size and size with national advertising agencies will remain a continuing handicap for Alberta companies."

.....

"Year 1973 was the best in this division's history; and 1974 should be even better, though the actual gain may not be so large. Economic growth should continue at a high rate in southeastern Alberta. Moreover, 1974 should be another year of prosperity and growth in Alberta as a whole, despite energy problems and continuing inflation."

.....

Utilities

The growing demand for electrical energy in Alberta in 1973 was reflected in an increase in the amount of electricity generated by almost 10 percent. A further 10 percent increase is forecast for 1974. The review of 1973 and the forecast for 1974 is highlighted in the following comments by E.W. King, President of Canadian Utilities Ltd.:

"Economic activity in Alberta should continue to expand in 1974 with the start of major resource development projects. Gas sales in 1974 are anticipated to increase approximately 6.0% over the 1973 level and electric sales are forecast to increase approximately 10.0% in 1974. Extensive development of Alberta's oil sands now seems assured and these developments will provide significant growth opportunities in the area served by our utility companies.

Field prices of natural gas are increasing in accord with the Alberta Government's policy of obtaining fair market value for this important natural resource. However, the provincial rebate scheme, when tabled in 1974, should ensure that Alberta consumers will continue to enjoy the benefits of a relatively lower price for natural gas. Even for Albertans, though, there is likely to be an increase in price over the level experienced to date for this premium fuel.

While prospects in 1974 for continued growth are excellent, it is also expected that utility earnings will feel the impact of the inflationary pressures. It is becoming apparent within the electric utility industry that the incremental cost of producing electricity has become greater than the imbedded cost, thus reversing an historic downward cost trend which resulted from significant economies of scale. Three major factors are responsible for this upward trend:

a. The cost of plant facilities have increased significantly because of both general inflation and the addition of expensive pollution control equipment.

b. Financing costs have risen due to high interest rates and low common stock prices relative to book value.

c. Escalation of fossil fuel prices added to inflationary increases in wages have increased operating costs dramatically.

The electric utility industry is currently developing plans for major increases in capacity, involving substantial capital outlays, to come on stream in the late 1970's. These plans are being co-ordinated by The Electric Utility Planning Council, a body of municipal and investor-owned electric utility facilities, which is committed to ensuring continued reliability of low cost service to all customers in the province..."

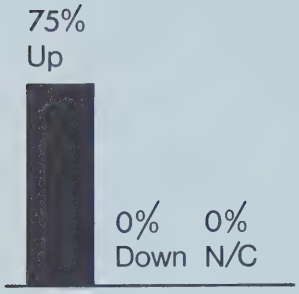
INVESTMENT, FINANCE AND OTHER SERVICE INDUSTRIES

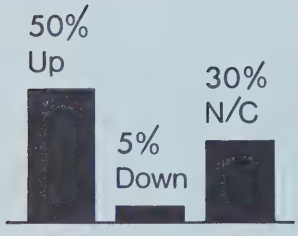
An economy requires an efficient capital market to ensure that adequate investment capital is available to finance its development. Industrial growth is supported by and dependent on the amount of investment capital available. Thus, growth in the Alberta economy and the Investment, Finance and Other Service Industries are highly interdependent. Consequently the prospects for the Investment industry in Alberta closely follow those for the provincial economy. G.A. Morini, Vice-President and General Manager of the Toronto Dominion Bank makes the following comments on the prospects for the Alberta economy and the banking industry:

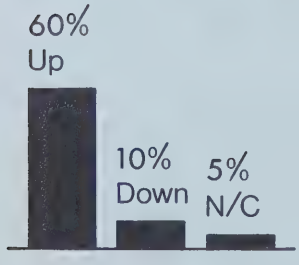
> "Alberta's position in the present world energy picture with its abundance of energy resources virtually assures the province of continuing industrial development. Its farm economy is good, due to a strong demand for farm products, which is expected to continue into 1974. A culminating factor to beef and pork production, however, may be the steady increases of all grain prices and rising feed costs, without parelleling price increases for livestock.
>
> Oil production in the first six months of 1973 was 26 percent higher than year-ago levels, and natural gas was 5 percent higher than the previous year after a 17 percent increase in 1972. Price increases in both these fuels, will supplement physical increases in output so that gross receipts should rise substantially in 1974. An agreement concluded between the Alberta tarsands consortium which plans to construct a 125 M b/d extraction plant and the Alberta Government, through the newly formed Alberta Energy Company, for an equal profit-sharing arrangement in lieu of production royalties should produce concentrated development of Alberta tarsands. Production, incomes, and employment are expected to rise steadily in 1974.

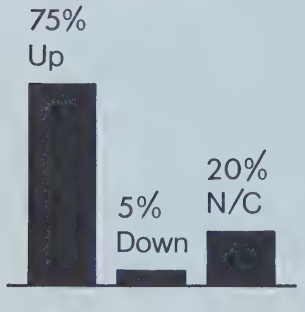
Investment, Finance & Other Service INDUSTRIES

1973 Review
(as a % of Replies)









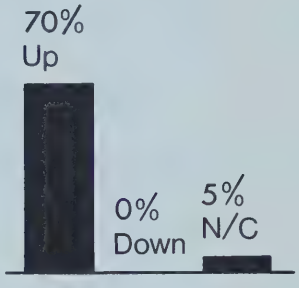
Revenue Up
+10% to +15%
1973 Average +16.7%
1974 Average +11.7%

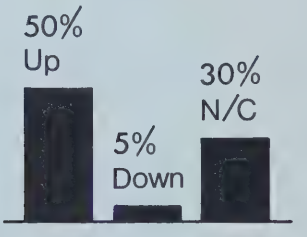
Prices Up
0% to +5%
1973 Average +3.3%
1974 Average +3.0%

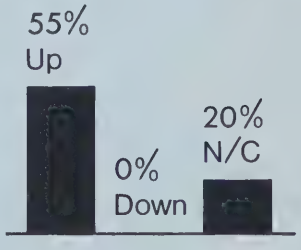
Profits Up
+5% to +20%
1973 Average +13.2%
1974 Average +11.7%

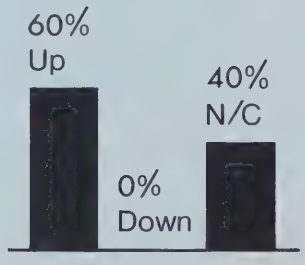
Employment Up
+2% to +10%
1973 Average +8.2%
1974 Average +5.8%

1974 Outlook
(as a % of Replies)









Demand for the province's manufactured goods is buoyant with the value of shipments during the first six months of 1973 twenty percent higher than year-ago levels. This trend is expected to continue in 1974, and grow, in particularly as relating to industries ancillary to the tarsands development.

Unemployment in 1974 should level at around 4 percent since there are already shortages developing in many skilled fields. Incomes are expected to increase by 12 percent or more with resulting increase in consumer spending. Prospects appear to indicate moderate growth in total retail and automobile sales, and mobile homes, during 1974.

In summary, based on a favourable economic outlook for this Province in 1974, we anticipate that the Banking Industry will record continued growth in loans and deposits."

A Trust company executive also states:

"The uncertainty in the oil industry will affect our corporate work since I see little oil industry financing at the present time. The depression state of the stock market and a recession of some depth in the U.S.A. adds to the lack of corporation stock and bond activity which will decrease profits in this area.

It would appear the cost of doing business will increase substantially in 1974 particularly in wages increasing the need for greater efficiencies and increased costs in automation.

Housing starts and the mortgage situation plays a large part in our profit picture and this looks attractive for 1974.

In summary I see an increase in activity, in staff and in gross profits. However with increased costs and decreased oil industry activity I anticipate little or no increase in net profits over 1973."

Another important aspect of the Investment and Financial industries are the services offered by professional economic and management consultants.

Thier activities in 1973 and prospects for 1974 are described in the following two comments by I. G. King, Vice-President of Stevenson & Kellogg Ltd. and H. G. Moncrieff, President of Moncrieff, Montgomery and Associates Ltd.:

> "Our consulting business tends to reflect economic activity with the major influence coming about as a result of periods of rapid business development. For example, early in 1973 there appeared to be a relatively active business in economic feasibility studies as corporations tended to look ahead to new developments.
>
> This type of activity tapered off radically during the year as the cost of capital rose and the stock market softened. Some renewed activity towards the end of the year suggests a possible upswing again in 1974 and our outlook is relatively optimistic, particularly for later in the new year."

.....

> "The general economy for consulting services, both in the private and public sectors, is anticipated to remain fairly strong. We feel that Alberta's position (resource base, political climate, growth rate, etc.) provides considerable immunity from the full force of the world business cycle, which has become so volatile."

.....

The performance of the Financial industry in Alberta in 1973, and for the future, was stimulated by the simultaneous announcement of further development of the Alberta Tar Sands and the creation of the Alberta Energy Company whose shares will be made available through the medium of the Calgary Stock Exchange. The implications of these events on the Calgary Stock Exchange is discussed in the following remarks by J. R. Thomson, President of the Calgary Stock Exchange:

"While the existence and extent of an Energy Crisis in Canada may or may not be a political decision, it does provide to Alberta a potentially stronger economic base than it has hitherto enjoyed in comparison to other provinces. Indubitably, any advantage which may accrue to Alberta would be lessened in proportion to the accepted severity of this crisis and the increase in price of energy to Quebec and the Maritimes.

This instability can be expected to provide ever greater incentive for the processing of raw material within the province and the development of subsidiary industry.

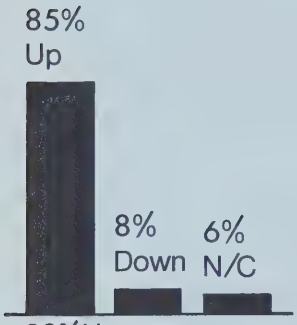
The Government of Alberta is effectively spear-heading this change of direction by the formation of the Alberta Energy Company. The government's stated plan is to provide an opportunity for investment by all Albertans, and to have the primary listing for the company's shares on the Calgary Stock Exchange.

These decisions can be expected to have a tremendous local impact. Firstly, the potential of investing in the development of our own province will be greatly publicized. Secondly, such local interest in a company or companies having their primary listing on the Calgary Stock Exchange will encourage and promote activity and liquidity necessary for the creation of capital availability.

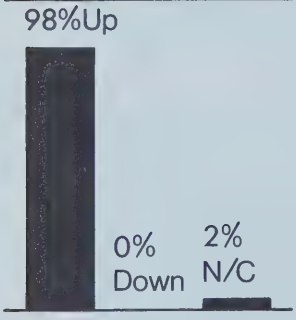
The Calgary Stock Exchange is uniquely geared to participation and support of this new direction and impetus of regional progress. It is the only regional Exchange in Canada which can offer full trading, clearing and settling facilities to any brokerage or investment house in Canada, without the creation of any special clearing department or assumption of any significant fixed overhead expenses; and, through recognition of the Calgary Stock Exchange by the Ontario and Manitoba Securities Commission, to provide the opportunity for any listed company to offer primary shares by way of a Statement of Material Facts in any or all of the provinces of Ontario, Manitoba and Alberta."...

Trade

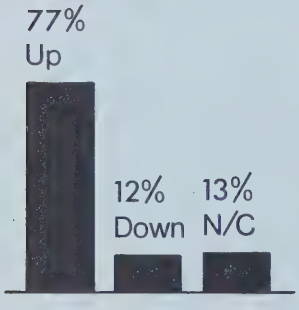
1973 Review
(as a % of Replies)



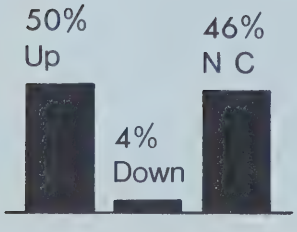
Revenue Up
+7% to + 18%
1973 Average + 14.3%
1974 Average + 10.2%



Prices Up
+5% to +10%
1973 Average + 7.5%
1974 Average + 7.6%

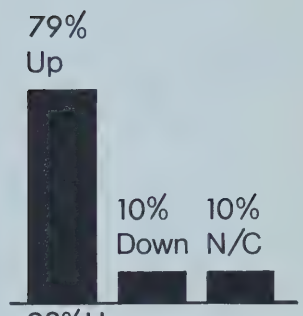


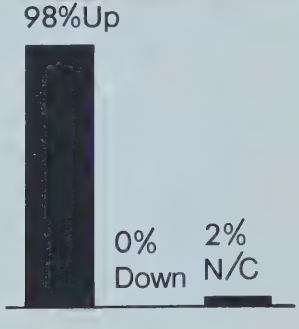
Profits Up
0% to +15%
1973 Average + 11.9%
1974 Average + 8.7%

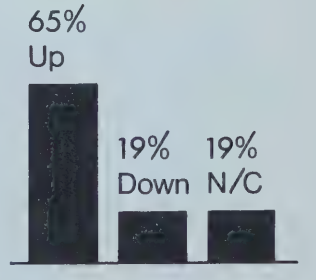


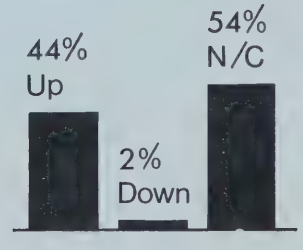
Employment Up
0% to +10%
1973 Average + 6.1%
1974 Average + 5.7%

1974 Outlook
(as a % of Replies)









TRADE

The high level of economic growth and inflation in Alberta during 1973, led to a substantial gain in the value of retail and wholesale trade. The value of retail trade for Alberta in 1973 rose by almost 13 percent over 1972. Wholesale trade value increased by over 20 percent. Although a substantial proportion of these increases was attributable to increased prices, growth in the volume of trade still occurred. Prices in the trade sector during 1973 are estimated to have increased by an average of 7.5 percent and respondents indicated that prices were expected to increase at slightly higher rates in 1974. Total revenue increased by an estimated average of 14.3 percent during 1973 for the industry, but are expected to increase at a lower rate of 10.2 percent in 1974. Therefore, it is expected there will be a decline in actual trade volume in 1974.

The 1974 outlook for Alberta's Trade industries depend on the available supply of merchandise and labour, the domestic and international demand and supply conditions, and the reactions of consumers to the prospects of steadily rising prices. The concensus of opinion in this year's survey would indicate some lessening of growth in 1974. These expectations are based on an anticipated slowdown in the economy and that consumers will tend to react negatively against rising prices by foregoing consumption, particularly of durable goods. These feelings are evident from the following remarks from several trading companies in the Province:

"It would appear 1973, in terms of sales, will exceed our predictions of last year. Inflationary factors have created higher costs from suppliers for our merchandise requirements and raised selling prices which have inflated our sales picture, particularly on agricultural products as they are the basic ingredient to a large number of the finished products we distribute. Our own operating costs have increased such as wages, taxes, utility costs, etc., and have been offset, to a large degree, by increased sales and productivity with the result that profits should be very close to the same level as 1972 in dollars but not on a percentage of sales of return on investment.

The year 1974 would appear to indicate some levelling off of price increases and we expect the inflationary factor to be about 2 - 3% below that of 1973. We do not expect any significant slowdown in the Food Industry in Alberta in 1974 due to its energy resources and agricultural productivity. Overall we expect a relatively good year but profits could be squeezed by higher operating costs and it will be necessary we seek out further new methods to increase productivity and make optimum use of our existing facilities."

.....

"1973 was the largest sales year, in the history of the company, however, a decline in sales is forecast for 1974, based on a levelling off of demand for vehicles as the market adjusts to the high sales rate of 1973, also, effected by continuing inflation and unease over the pessimistic news reporting of the energy crisis."

.....

"It is expected that a high level of inflation will prevail, both demand - pull due to shortages through limited industrial capacity, and cost - push due to increased valuation of both material and labour. Resulting higher prices will necessarily curtail existing markets of non-essential commodities.

The automotive retail market, somewhat diminished by the

above factors, will necessarily rely on the following elements to maintain business:

a. an increase in replacement parts and repair service business,

b. no increase in tariffs,

c. no adjustments in foreign exchange affecting costs to import dealers,

d. continuing cognizance of a fuel shortage, with an impetus towards compact vehicles."

.....

"Under normal circumstances we would expect a continued high demand for our products and services in 1974. However, it should be noted that our industry is presently in a state of flux due to the unknown impact of the energy crisis. When firm decisions are made by in all probability the United States Government, and when the rules of the game to be played are known then people, individuals and companies will be able to take positive steps and will live within the framework of the game rules. Although we are not directly affected in Alberta by the energy crisis the indirect effect can be very substantial."

The prospects for retail and wholesale trade values in 1974 are indicated in the following table. Both forecasts may appear somewhat low in terms of the experience over the past two years. Although some reduction in the rate of growth can be expected, a more appropriate forecast for the value of retail and wholesale trade in 1974 should be in the neighbourhood of a 10 and 15 percent increase, respectively.

TRADE

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Value of Retail Trade	+14.5	+12.8(Dec.)	+7.5
Value of Wholesale Trade	+20.2	+20.7(Nov.)	+9.8

Source:
1. Executive Report 74...a survey of executive opinion
2. Alberta Bureau of Statistics, preliminary estimates.
3. Executive Report 74...a survey of executive opinion

RECREATION AND TRAVEL INDUSTRY

The Recreation and Travel industry benefits considerably from increased economic activity, particularly rising personal incomes. Therefore, it was not surprising that representatives from the Recreation and Travel industry of Alberta enjoyed a prosperous year in 1973, but expect their rate of expansion in 1974 to be somewhat reduced. The long-term outlook for the Travel industry however appears favourable, due to ever increasing leisure time, education and income levels, the growing pressure of urban life and expanding population, plus improvements in transportation and accommodation facilities.

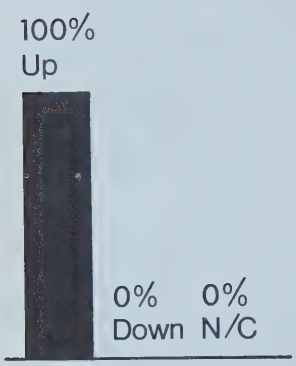
The industry's review of 1973 and prospects for 1974 are reflected in the following statement from D.A. Williams, General Manager of the CP Hotel Palliser:

> "Sales volume for 1973 was exceptionally good, exceeding both last year and budget forecast by 9.6% and 4.1% respectively. Increased dollar volume was partially due to a 2 percentage point increase in room occupancy and partially to an increase in average rate per occupied room made necessary by significant operating cost increases.
>
> The rising cost of materials, labour and particularly food products presented a serious challenge during the year and required a constant review of selling prices in order to maintain an acceptable cost per dollar and ratio of net profit to sales.
>
> A recent Ottawa report states that Canada's economy appeared likely to wind up 1973 with its biggest expansion in 17 years, but also its sharpest inflation in 22 years. These economic factors, more than any other, are reflected in our 1973 operating results.

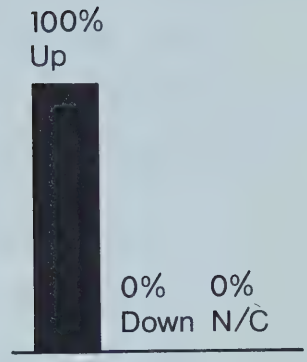
RECREATION & TRAVEL INDUSTRY

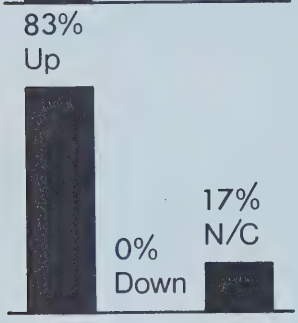
1973 Review
(as a % of Replies)

1974 Outlook
(as a % of Replies)

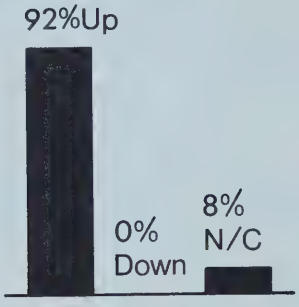


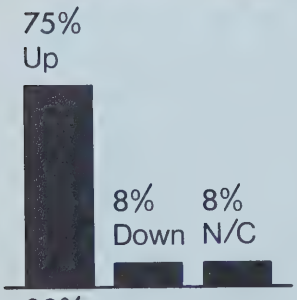
Revenue Up
+7% to +21%
1973 Average +14.7%
1974 Average +15.0%



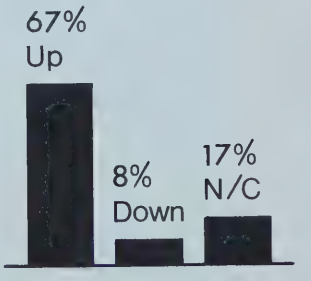


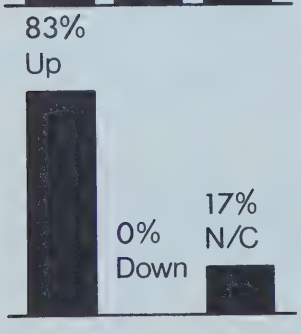
Prices Up
+8% to +10%
1973 Average +8.0%
1974 Average +9.6%



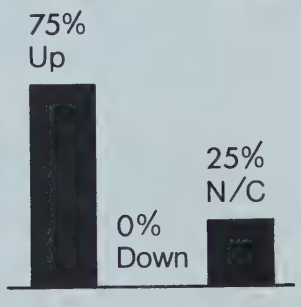


Profits Up
+3% to +15%
1973 Average +12.6%
1974 Average +9.0%





Employment Up
0% to +10%
1973 Average +7.3%
1974 Average +5.9%



Despite such negative issues as inflation, restriction on travel due to the gasoline shortage, and the possibility of over building, there are indications that the economy is poised for further strong gains in the New Year and that the hotel industry will benefit as a result."

.....

E. H. Kolesch, Resident Manager of Jasper Park Lodge adds:

"Whilst the general economic outlook for the year 1974 can be considered optimistically, one has to keep in mind the very serious threat to the Tourist Industry and the recreational market caused by the so-called Energy Crisis, making travelling by car rather uncertain particularly for the largest segment of the travelling public coming from the United States. In addition, the uncertain political situation in the United States, combined with an abnormal cost of living increase, could have serious ramifications, especially for the deluxe sector of the Hotel and Resort Industry.

Any drop in business could, but only partially, be offset by the consistent increase in the number of overseas visitors, particularly from Japan and Western Europe. The downward fluctuation of the United States and Canadian dollar brings a holiday in Alberta within reach of a large percentage of the holiday traffic from these countries.

Overall, one has good reason to believe that the increase in recent years in the recreational market will continue with a healthy growth percentage. This will apply particularly to Alberta and B.C. and especially to the National Parks located in these Provinces.

The high rate of inflation will affect, of course, our market from within Canada, but only as far as the low income bracket of the population is concerned. It is not uncommon that in countries with high inflation rate, the spending on non-essential goods such as recreation and travel, increases, and we would expect a similar trend.

Investment in the recreational market in Western Canada, particularly from Japan, United States and Europe, will likely increase considerably; thus providing increased competition, which, however, the market in this area will be able to absorb.

The more serious consequence one has to expect is that the already tight labour market in our industry will be evermore taxed, and it is forseeable that if this industry is unable to attract more employees to work in the Hotel and Restaurant field, our growth rate could fall to zero, simply due to our inability to service a growing market due to labour shortage. This threat is already very real, and must be taken very seriously.

Corporate spending on conventions, seminars, etc. is up generally, but so is the number of hotels in North America competing for this portion of the market. Low labour cost countries, such as Mexico, the Caribbeans, have been able, over the past years, to get hold of a good portion of this market, and only continuous upgrading of our facilities, combined with better marketing techniques, will enable us to re-capture some of the territory lost.

The standard of service in our industry is not considered up to par with many foreign operations, and this can be attributed solely to the shortage of labour available for our industry, combined with poor performance by industry and government alike to make available proper training facilities and to establish a comprehensive programme to make these available jobs more attractive."

J. P. Belland, President of the Alberta Hotel Association, supports the above comments when he states:

"The year 1973 brought more conventions to Alberta than ever before. This year saw more hotels starting construction in the major cities than in the last ten years. The hotel industry experienced in general a slight increase over the previous year.

We look forward to 1974 with the completion of the large convention hotels to bring more and larger conventions to our province.

If the energy crisis south of the border carries on into the summer, we can look forward to more Americans and Canadians travelling across Canada. This would be a benefit to the Hospitality Industry. The inflationary trend could have some adverse effect in the coming year. But all in all we look forward to a fairly good year."

The following table presents the forecast values of several pertinent indicators to the Travel and Recreation industries. Respondents expect that the "energy crisis" will mainly be felt through a reduction of visitors to Alberta from the United States. The forecasts also indicate that interprovincial and international travel may be curtailed somewhat in 1974 due mainly to either the lack or the increased cost of fuel.

RECREATION AND TRAVEL INDUSTRIES

INDICATOR	FORECAST CHANGE FOR 1973[1] (Percent)	ACTUAL INCREASE TO DATE 1973[2] (Percent)	1974 FORECAST[3] (Percent)
Visitors to National Parks	+ 8.1	+ 8.1 (Dec.)	+ 6.9
U.S. Visitors to Alberta	+15.5	+15.0 (Nov.)	- 4.1
Overseas Visitors to Alberta	+12.3	+14.0 (Nov.)	+ 8.7
Restaurant Receipts	+ 9.3	+ 6.6 (Dec.)	+11.2

Source:
1. Executive Report 74...a survey of executive opinion
2. Alberta Bureau of Statistics, preliminary estimates.
3. Executive Report 74...a survey of executive opinion

APPENDIX I

Definition of Terms

Average: Simple average of replies.
Note should be made of the concept, AVERAGE, which refers to the unweighted average of responses. Many readers will interpret the simple average to include expected total industry performance. Therefore, caution was exercised to use averages only when it was judged that the sample content was representative of the industry. To further qualify and to show the varied responses, a mid 50 percent range has also been shown.

N/C or No Change: Respondent indicates no significant variance in indicator i.e. (a 0% change).

Mid 50% Range: The mid 50 percent range of replies deletes the upper and lower 25 percent of responses.

% of Replies, or % of firms responding: Statistics are based on total replies (even if a respondent leaves a blank space for his response). Therefore, in cases where the total replies contain "blank" responses the increase, decrease, and N/C statistics will not add to 100 percent.

APPENDIX II

Announced Industrial Projects - Alberta

Under Construction and Proposed for 1974

FOREWORD

The criteria listed below were used in the compilation of the following list of industrial projects:

(a) An industrial project was defined as (a) an expansion of already existing industrial facilities or (b) the construction of new industrial plants not associated with either retail or wholesale trade, transportation (i.e. highways, pipelines, airports, etc.) or basic construction activities. Due to a time constraint, expansions or construction of gas plants were also not considered.

(b) Only industrial projects with a total capital cost exceeding $100,000 were considered.

(c) The list of industrial projects were divided into 6 main industrial categories: (1) agricultural processing, (2) manufacturing, (3) forestry, (4) mining, (5) petroleum and petrochemical products and (6) other.

(d) The list was also broken down into seven geographic regions:
- (a) Northwestern - north of Edmonton and west of Slave Lake,
- (b) Northeastern - north of Edmonton and east of Slave Lake,
- (c) Edmonton Region,
- (d) Central - the region between Calgary and Edmonton,
- (e) Calgary Region,
- (f) Southwestern - south of Calgary and west of Lethbridge,
- (g) Southeastern - south of Calgary and east of Lethbridge.

(e) Under the heading of "current status", the following three categories were chosen:
- (i) Under construction - meaning the project is currently being built.
- (ii) Proposed, but including estimated completion date - meaning the project is not presently being built, but will commence construction during 1974.
- (iii) Proposed, with no completion date - meaning the project is presently in the final planning stage or awaiting approval to commence construction.

(f) All projects listed are considered definite, i.e. will be undertaken during 1974.

(g) Some projects may be competitive proposals by different companies and thus not all projects may proceed.

(h) Where information was not available, we have indicated it by the abbreviation N/A.

SUMMARY

Based on the information received concerning industrial projects presently under construction or proposed for 1974, the following estimates of industrial activity for the province, by region and industry, and the number of jobs created as a result are depicted in the following three tables.

These results indicate that 116 industrial projects involving $2.6 billion in capital investment and creating 7402 jobs in Alberta will result during 1974. Unfortunately however, several of these projects will not be completed in 1974 and therefore, the total capital expenditure and number of jobs created will not fully materialize until sometime later. Therefore, the amount of actual capital expenditures and jobs created in 1974 will be somewhat less.

TABLE 1 - NUMBER OF INDUSTRIAL PROJECTS BY REGION, ALBERTA, 1974

Region / Industry	Agricultural Processing	Forestry	Manufacturing	Petroleum & Petrochemical Products	Mining	Other	Total
North-west	14	7	7	1	3	1	33
North-east	4	-	2	3	-	-	9
Edmonton	4	-	15	3	-	2	24
Central	5	-	3	-	1	1	10
Calgary	2	-	9	-	-	-	11
South-west	5	-	9	-	-	-	14
South-east	9	-	2	4	-	-	15
Alberta Total	43	7	47	11	4	4	116

TABLE 2 - TOTAL CAPITAL EXPENDITURE - BY REGION, ALBERTA, 1974

(millions of dollars)

Region / Industry	Agricultural Processing	Forestry	Manufacturing	Petroleum & Petrochemical Products	Mining	Other	Total
North-west	21.4	35.6	3.4	35.0	19.1	90.0	204.5
North-east	8.6	-	3.0	1400.0	-	-	1411.6
Edmonton	6.5	-	50.0	601.0	-	40.5	698.0
Central	2.0	-	31.3	-	.7	51.0	85.0
Calgary	1.0	-	18.7	-	-	-	19.7
South-west	2.2	-	4.1	-	-	-	6.3
South-east	7.3	-	2.1	199.3	-	-	208.7
Alberta Total	49.0	35.6	112.6	2235.3	19.8	181.5	2633.8

TABLE 3 - EMPLOYMENT CREATED - BY REGION, ALBERTA, 1974

Region / Industry	Agricultural Processing	Forestry	Manufacturing	Petroleum & Petrochemical Products	Mining	Other	Total
North-west	273	1168	280	25	215	100	2061
North-east	153	-	75	1700	-	-	1928
Edmonton	153	-	610	984	-	62	1809
Central	75	-	212	-	-	17	304
Calgary	32	-	180	-	-	-	212
South-west	70	-	108	-	-	-	178
South-east	160	-	98	652	-	-	910
Alberta Total	916	1168	1563	3361	215	179	7402

TABLE 4
LOCATION - NORTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
ALPHA-CUBE BARRHEAD LTD.	Barrhead	35	$1.8 million	Alfalfa Processing Plant	Under Construction (completion date - 1974)
BAYCROFT MOSS LTD.	Evansburg	9 - 12	$350,000	Peat Moss Plant	Proposed (completion date - 1974)
BRONSON ENTERPRIZES LTD.	Entrance	5	$170,000	Specialty Cheese Plant	Proposed
FALHER ALFALFA LTD.	Falher	20	$1.3 million	Alfalfa Dehydrating Plant	Under Construction (completion date - June, 1974)
GRIMSHAW ALFALFA PROCESSORS LTD.	Grimshaw	20 - 30	$700,000	Alfalfa Dehydrating Plant	Under Construction (completion date - May, 1974)
LEGAL GROUP	Legal	3 - (15 in summer)	$800,000	Alfalfa Cubing & Pelletizing Plant	Proposed
MID-SUN PEAT MOSS PRODUCTS	Peace River	25	$300,000	Peat Moss Plant	Proposed
NORTHALTA PROCESSORS LTD.	Beaverlodge	20 - 25	$1 million	Alfalfa Dehydrating & Pelleting Plant	Proposed

TABLE 4 - continued
LOCATION - NORTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING - continued					
NORTHERN ALBERTA RAPESEED PROCESSORS LTD.	Sexsmith	60	$12 million	Rapeseed Processing Plant	Proposed
NORTHLAND FEED & FARM SUPPLIES LTD.	Grande Prairie	15	$500,000	Feed Mill	Under Construction (completion date - Spring 1974)
PADDLE VALLEY PRODUCTS LTD.	Mayerthorpe	28	$800,000	Alfalfa Dehydrating Plant	Under Construction (completion date - Spring 1974)
STONY PLAIN SEED CLEANING CO-OP	Stony Plain	7 - 10	$150,000	Seed Cleaning Plant	Under Construction
WANHAM & DISTRICT ALFALFA PROCESSORS CO-OPERATIVE LTD.	Wanham	Year Round 3 (15 in summer)	$1.4 million	Alfalfa Cubing & Pelletizing Plant	Proposed (completion date - Fall 1974)
WEMBLY CO-OPERATIVE SEED CLEANING ASSOC. LTD.	Wembly	2	$100,000	Seed Cleaning Plant	Under Construction (completion date - January, 1974)
B. FORESTRY					
ALBERTA ASPEN BOARD LTD.	Slave Lake	380	$5.8 million	Flakeboard Plant	Proposed (completion date - 1975)

TABLE 4 - continued

LOCATION - NORTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. FORESTRY - continued					
BUCHANAN LUMBER LTD.	High Prairie	35	$1 million +	Sawmill Plus Chipper	Proposed
FOX CREEK LUMBER LTD.	Fox Creek	175	$3.5 million	Sawmill	Under Construction
IMPERIAL LUMBER LTD.	Barrhead	30	$250,000	Sawmill	Proposed
SIMPSON TIMBER CO. LTD.	Whitecourt	200	$14 million	Sawmill, Laminated Beam Mill & Fibre-board Mill	Under Construction (completion date -total project 1980)
SWANSON LUMBER CO.	High Level	60	$6 million	Sawmill	Proposed
W.R. ZEIDLER LTD.	Slave Lake	288	$5 million	Lumber & Veneer Plant	Under Construction (completion date - December, 1976)

TABLE 4 - continued

LOCATION - NORTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
C. MANUFACTURING					
INTERNATIONAL BRICK AND TILE CO. LTD.	Wabamun	40	$650,000	Ceramic Clay Plant	Under Construction (completion date - March, 1974)
N & N CONCRETE LTD.	McLennan	10 - 12	$100,000	Concrete	Under Construction (completion date - May, 1974)
NORTHERN BOTTLING LTD.	Grande Prairie	0	$400,000	Expansion Of Bottling Plant	Under Construction (completion date - June, 1974)
P.O.P. INDUSTRIES LTD.	Whitecourt	25 +	$300,000	Pop-off Post Holders	Under Construction (completion date - April 1974)
PADDY'S WELDING AND CONSTRUCTION	Whitecourt	30	$445,000	Metal Fabricating & Machine Shop	Under Construction (completion date - April, 1974)
WESTERN TRUCK BODY LTD.	McLennan	23	$220,000	Truck Body Manufacturing Plant	Proposed
WHITECOURT INDUSTRIAL DEVELOPMENT LTD.	Whitecourt	150	$1.3 million +	Metal Fabricating Shop	Proposed

TABLE 4 - continued
LOCATION - NORTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
D. MINING					
FOOTHILLS SAND AND GRAVEL LTD.	Grande Prairie	15	$486,000	Sand And Gravel	Proposed
LUSCAR COAL LTD.	Cardinal River	200	$8.6 million	Coal Mine	Under Construction (completion date - December, 1974)
MCINTYRE PORCUPINE MINES LTD.	Grande Cache	N/A	$10 million+	Expansion Of Strip Mine	Under Construction (completion date - Fall 1974)
E. PETROLEUM AND PETROCHEMICAL PRODUCTS					
SHELL CANADA LTD.	Peace River	25	$35 million	Test Facilities For Synthetic Crude Oil	Proposed
F. OTHER					
CALGARY POWER LTD.	Lake Wabamun	80 - 100	$90 million	Expansion Of Power Plants (Wabamun And Sundance)	Under Construction

TABLE 5

LOCATION - NORTHEASTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
BOYLE FORAGE PROCESSORS LTD.	Boyle	21	$900,000	Alfalfa Dehydrating Plant	Under Construction (completion date -Summer, 1974)
HI-LAND PRODUCE LTD.	Two Hills	22	$550,000	Expansion of Egg Processing Plant	Under Construction
JOSEPHBURG COOPERATIVE SEED CLEANING ASSOCIATION	Josephburg	7 - 10	$120,000	Seed Cleaning Plant	Under Construction
UNITED GRAIN GROWERS	Lloydminster	100	$7 million	Rapeseed Crushing Plant	Under Construction (completion date -Summer, 1975)
B. MANUFACTURING					
NELSON MANUFACTURED HOMES LTD.	Lloydminster	75	N/A	Prefabricated Housing Plant	Proposed
SHERRITT GORDON MINES LTD.	Fort Saskatchewan	N/A	$3 million+	Sulphuric Acid Plant	Under Construction (completion date -August, 1974)

TABLE 5 - continued

LOCATION - NORTHEASTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
C. PETROLEUM AND PETROCHEMICAL PRODUCTS					
DOW CHEMICAL LTD.	Fort Saskatchewan	N/A	$450 - 500 million	Ethylene Plant, Pipeline Manufacturing Caustic Plant, Styrofoam Plant	Proposed
SYNCRUDE CANADA LTD.	Mildred Lake	1,600	$800 million	Synthetic Crude Oil Plant	Under Construction (completion date - mid 1976)
ALBERTA POWER LTD.	Mildred Lake	100	$100 million	Thermal Power Plant	Proposed (completion date -1976)

TABLE 6
LOCATION - EDMONTON

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
BURNS FOODS LTD.	Edmonton	100	$4 million	Expansion Of Meat Packing Plant	Under Construction (completion date - 1976)
FACHINE FOODS LTD.	Edmonton	8	$400,000	Dry Pasta Processing Plant	Proposed (completion date - September, 1974)
GAINERS PACKERS LTD.	Edmonton	0	$140,000	Expansion Of Meat Packing Plant	Under Construction
I. & S. PRODUCE LTD.	Edmonton	45	$1.7 million - $2 million	French Fry Manufacturing Plant	Under Construction
B. MANUFACTURING					
ALUMINUM COMPANY OF CANADA LTD.	Edmonton	15 - 20	$6.5 million	Coke Calcining Plant	Under Construction (completion date - 1975)
AUTOMATED BUSINESS FORMS LTD.	Edmonton	N/A	$175,000	Expansion Of Business Forms Plant	Proposed (completion date - May, 1974)

TABLE 6 - continued

LOCATION - EDMONTON

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. MANUFACTURING - continued					
BUFFALO PACKAGE EQUIPMENT LTD.	Edmonton	N/A	$650,000	Expansion Of Air Conditioner Manufacturing Plant	Proposed (completion date - Spring, 1974)
THE EDMONTON JOURNAL	Edmonton	13	$2.4 million	Printing Plant	Under Construction (completion date - June 1974)
IPSCO	Edmonton	110	$3 million	Addition Of Two Pipe Mills (Spiral Weld)	Proposed
IPSCO	undecided	20	$1 million	Structural Steel Mill	Proposed
IPSCO	undecided	85	$5.1 million	Cold Rolling & Galvanizing Mill	Proposed
KROEHLER MANUFACTURING CO. LTD.	Edmonton	30	$1 million	Furniture Manufacturing	Under Construction (completion date - January, 1974)
LABATTS BREWERY LTD.	Edmonton	0	$1 million +	Brewery Expansion	Under Construction (completion date - April, 1974)
MACMILLAN BLOEDEL PACKAGING LTD.	Edmonton	35	$3.5 million	Packaging Material	Under Construction (completion date - 1974)

TABLE 6 - continued

LOCATION - EDMONTON

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. MANUFACTURING - continued					
MARTIN BLACK WIRE ROPES OF CANADA LTD.	Edmonton	20 - 30	$1 million	Wire Rope Plant	Under Construction (completion date - May, 1974)
PHILLIP'S CABLES	Edmonton	80 - 100	$5 million	Manufacturing Cables	Under Construction (completion date - March, 1974)
THE STEEL CO. OF CANADA LTD.	Edmonton	100	$21 million +	Steel Complex - Expansion, Additional Electric Furnaces	Under Construction (completion date - March, 1974)
SUPERIOR STEEL DESK LTD.	Edmonton	N/A	$3 million	Expansion of Metal Furniture Manufacturing Plant	Under Construction (completion date - early 1975)
TOTRAN SYSTEMS LTD.	Edmonton	67	$725,000	Oil Equipment	Proposed
C. PETROLEUM AND PETROCHEMICAL PRODUCTS					
ALBERTA GAS TRUNK LINE LTD.	Edmonton	900	$400 million	Ethylene Plant	Proposed (completion date - 1977)

TABLE 6 - continued

LOCATION - EDMONTON

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
C. PETROLEUM AND PETROCHEMICAL PRODUCTS - continued					
CANADIAN LIQUID AIR LTD.	Edmonton	4	$1 million	Nitrogen Plant	Under Construction (completion date - April, 1974)
IMPERIAL OIL LTD.	Edmonton	60 - 80	$200 million +	Refinery	Under Construction (completion date - December, 1974)
D. OTHER					
EDMONTON POWER	Edmonton	12	$500,000	Lampton Sub-Station	Proposed
EDMONTON POWER	Edmonton	30 - 50	$40 million	Thermal Power Plant (Clover Bar)	Under Construction (completion date - 1977)

TABLE 7

LOCATION - CENTRAL ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
LAMB PROCESSORS CO-OP LTD.	Innisfall	35	$1 million	Lamb Processing Plant	Under Construction (completion date - March, 1974)
NORTHERN ALBERTA DAIRY POOL	Viking	10	$200,000	Specialty Cheese Plant	Under Construction (completion date -December, 1974)
ROCKY MOUNTAIN CHEESE PRODUCTS	Neapolis	5	$170,000	Specialty Cheese Plant	Proposed (completion date -Fall, 1974)
SCARDILLO BROTHERS LTD.	Wetaskiwin	15	$475,000	Specialty Cheese Plant	Proposed (completion date -December, 1974)
WETASKIWIN SEED CLEANING CO-OP	Wetaskiwin	7 - 10	$150,000	Seed Cleaning Plant	Proposed
B. MANUFACTURING					
CAL-CRETE LTD.	Innisfall	12	$185,000	Concrete Products	Proposed (completion date -Summer, 1974)

TABLE 7 - continued

LOCATION - CENTRAL ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. MANUFACTURING - continued					
CANADA CEMENT LAFARGE LTD.	Exshaw	60	$30 million	Cement Manufacturing & Auxilliary Process Plant	Under Construction (completion date -1975)
HOMECO LTD.	Undecided	140	$1.1 million	Mobile Home Manufacturing Plant	Proposed
C. MINING					
CANMORE MINES LTD.	Canmore	N/A	$700,000	1st Stage - Deviolatizing Plant 2nd Stage - Activated Carbon Plant	Proposed
D. OTHER					
ALBERTA POWER LTD.	Battle River (Forestburg)	17	$51 million	Thermal Power Plant	Under Construction (completion date -1975)

TABLE 8

LOCATION - CALGARY

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
PINECREST FOODS LTD.	Calgary	2	$200,000	Poultry Processing	Under Construction (completion date - February, 1974)
XL BEEF PACKING LTD.	Calgary	25 - 30	$800,000	Beef Slaughtering	Under Construction (completion date - April,1974)
B. MANUFACTURING					
ANDRES WINES LTD.	Calgary	0	$475,000	Winery Expansion	Under Construction (completion date - February,1974)
CANADA MALTING CO. LTD.	Calgary	10	$3 million	Storage And Malting Plant	Proposed
CANADIAN CONCRETE PRODUCTS LTD.	Calgary	15	$750,000	Concrete Pipe Plant	Proposed
FIRESTONE	Calgary	50	$11.6 million	Expansion Tire Operations	Under Construction (completion date - December, 1974)
FLEX-O-LITE LTD.	Calgary	10	$100,000	Glass Beads	Proposed

TABLE 8 - continued

LOCATION - CALGARY

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. MANUFACTURING - continued					
HERITAGE WINES LTD.	Calgary	15	$1.5 million	Winery	Under Construction (completion date - mid 1974)
PRUDENTIAL STEEL LTD.	Calgary	50	$700,000	Steel Pipe Plant Expansion	Under Construction (completion date - January, 1974)
WESTERN ROCK BIT CO. LTD.	Calgary	10	$525,000	Drill Bits	Under Construction (completion date - January, 1974)
DEANS GEOGRAPHIC	Calgary	20	N/A	Manufacture Of Graphic's & Letrasets	Under Construction (completion date - February, 1974)

TABLE 9

LOCATION - SOUTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PRODUCTS					
ALBERTA POULTRY MARKETERS LTD.	Lethbridge	40	$750,000	Expansion Of Poultry Processing Plant	Under Construction
CANADIAN DRESSED MEATS LTD.	Lethbridge	0	$100,000	Expansion of Packing Plant	Proposed
GAINRITE FEEDS LTD.	Lethbridge	4	$700,000	Feed Mill	Under Construction (completion date - June, 1974)
KLEMEN KUSTOM KILL LTD.	Taber	20	$300,000	Meat Packing Plant	Proposed
U.I.D. CHEESE FACTORY CO-OPERATIVE ASSOC. LTD.	Glenwood	6	$350,000	Cheese Factory	Under Construction (completion date - February, 1974)
B. MANUFACTURING					
GLASCON INDUSTRIES LTD.	Lethbridge	5	$210,000	Fiberglass Products	Proposed (completion date - Summer, 1974)

TABLE 9 - continued

LOCATION - SOUTHWESTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
B. MANUFACTURING - continued					
MOCOAT INDUSTRIES	Okotoks	7	$180,000	Tanks & Wellhead Shelters	Under Construction (completion date - January 1974)
NORKEY ENTERPRIZES	Stavely	20 - 25	$100,000	Recreation Vehicles	Under Construction (completion date - March, 1974)
NORTH LETHBRIDGE MO-TIRES LTD.	Lethbridge	5 - 12	$155,000	Tire Retreading Plant	Under Construction (completion date - June, 1974)
PALLISER DISTILLERS LTD.	Lethbridge	N/A	$250,000	Addition Of New Warehouse	Under Construction (completion date - March, 1974)
RITT METALS LTD.	Lethbridge	N/A	$100,000	Motor Home Factory	Proposed
SICK'S LETHBRIDGE BREWERY LTD.	Lethbridge	0	$2 million	Expansion Of Storage Facilities	Under Construction (completion date - April 1974)
SUNBURST CERAMICS LTD.	Lethbridge	50	$900,000	Expansion Of Ceramic Plant	Proposed (completion date - Summer, 1974)
WISK BEVERAGE LTD.	Lethbridge	9	$230,000	Soft Drink Bottling Plant	Under Construction (completion date - Spring, 1974)

TABLE 10

LOCATION - SOUTHEASTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING					
ALBERTA BEAN GROWERS LTD.	Bow Island	6	$300,000	Bean Processing Plant	Proposed (construction to start June, 1974)
ALBERTA LINSEED OIL CO. LTD.	Medicine Hat	10 - 15	$ 1 million	Feed Plant	Under Construction (completion date - March, 1974)
BROOK'S SEED PROCESSORS LTD.	Brooks	12	$750,000	Seed Processing & Cleaning Plant	Proposed
CENTRAL ALBERTA DAIRY POOL	Bassano	6	$120,000	Honey Processing Plant	Under Construction (completion date - March, 1974)
HI-POINT FEEDS LTD.	Medicine Hat	25	$1.5 million	Feed Mill	Under Construction (completion date - September, 1974)
HUSSAR COOPERATIVE SEED CLEANING ASSOC.	Hussar	7 - 10	$150,000	Seed Cleaning Plant	Under Construction
ISLAND ALFALFA LTD.	Bow Island	17	$1.2 million	Alfalfa Dehydrating Plant	Proposed
LAKESIDE PACKERS LTD.	Brooks	54	$1.5 million	Meat Packing Plant	Under Construction (completion date - March, 1974)

TABLE 10 - continued
LOCATION - SOUTHEASTERN ALBERTA

Company Name	Location	Additional Employment Created	Total Capital Cost	Type of Project	Current Status
A. AGRICULTURAL PROCESSING - continued					
ROSEMARY CUBERS LTD.	Rosemary Duchess	15	$800,000	Hay Cubing & Dehydrating Plant	Proposed
B. MANUFACTURING					
R.L. CRAIN LTD.	Medicine Hat	48	$2 million	Business Forms	Proposed
KUSTOM KOACH ALBERTA LTD.	Medicine Hat Airport	40 - 50	$100,000	Trailer Manufacturing Plant	Proposed
C. PETROLEUM AND PETROCHEMICAL PRODUCTS					
ALBERTA GAS CHEMICALS	Medicine Hat	70	$18.7 million	Methanol Plant	Under Construction (completion date - August, 1974)
ALLARCO DEVELOPMENTS LTD.	Medicine Hat	340	$95 million	Ammonia-Urea Plant	Proposed (completion date - 1976)
CAN-CARB LTD.	Medicine Hat	42	$5.6 million	Carbon Black Plant	Proposed
WESTERN CO-OPERATIVE FERTILIZERS INDUSTRIES	Medicine Hat	200	$80 million	Fertilizer Plant	Proposed (completion date - Fall, 1975)

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